AFRICA RECOVERY

United Nations Vol. 7 No. 1 June 1993

UN peace-keeping challenges mounting on continent

By Roy Laishley

Nata Ustare

UN representative in Mozambique Mr. Aldo Ajello greets Italian troops. Despite the delays in deploying international forces, a recurrent peace-keeping problem, the country's fragile cease-fire has held.

Africa's mounting civil conflicts are tragically underlining the dangers and limitations of international peace-keeping efforts. The deaths on 5 June of 23 Pakistani troops and later of Somali civilians in Mogadishu have shown the acute problems facing the UN as it tries to shift from simple peace-keeping to peace-enforcement. Continuing fighting in Angola and the resulting 1,000 estimated daily deaths illustrate the complex task for the UN of combining mediation and humanitarian relief with limited mandates and uncertain resources for establishing peace.

In addition to other existing operations in Mozambique and Western Sahara, the UN is facing a difficult mediation task in Liberia, where UN Secretary-General Boutros Boutros-Ghali has also asked his Special Representative, Mr. Trevor Gordon-Somers to carry out an investigation into the early June massacre of over 500 refugees, and in Rwanda, where there is a tenuous cease-fire between the government and a rebel force (see map of UN operations, pages 18-19). At end-May, the UN Secretary-General decided to send urgent humanitarian missions to Sudan and Zaire, though the timing of the latter has still to be determined. In a number of other African countries, increasing demands on the emergency operations of UN agencies such as UNICEF and the World Food Programme threaten to spill over into a need for wider humanitarian and peace-keeping action to counter growing social and political disorder.

Senior UN officials argue that the organization has already reached the limit of its capacity to respond quickly and effectively to peace-keeping emergencies. "It would take at least three months to place a substantial UN presence in Angola if so requested," UN Under-Secretary-General Kofi Annan, in charge of peace-keeping operations, warns in an interview with *Africa Recovery* (page 17).

"It is becoming more and more difficult to obtain troops from governments," says Mr. Annan, who already has some 70,000 troops under the UN banner. This problem led to lengthy delays in deployment in Mozambique, raising serious concern over whether the cease-fire there would hold. Finding peace-

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Boutros-Ghali calls for war against 'compassion fatigue'

By Francis Mwanza in Rome

Mr. Boutros Boutros-Ghali

A strategy to mobilize public opinion in support of African development and to battle "compassion fatigue" must accompany other efforts to help the continent recover, UN Secretary-General Boutros Boutros-Ghali told a high-level group in Rome in April. Among other measures, he highlighted the need for more extensive involvement of non-governmental organizations (NGOs) in development activities and a renewed drive for diversification of African economies.

Chairing the second meeting of the Panel of High-Level Personalities on African Development he has appointed to advise him on the effective implementation of the UN's New Agenda for the Development of Africa in the 1990s (NADAF), held in Rome 17-18 April, the Secretary-

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Growing pressures for greater debt relief

US debt shift heralds more positive policy towards Africa

By Roy Laishley

The Group of Seven industrialized countries (G7) is coming under strong pressure to take further action on debt, particularly for Africa. Following a ministerial meeting in early May, the Non-Aligned Movement is to lobby the G7 at their July summit in Tokyo to improve on the debt relief package currently on offer. Oxfam, the influential UK non-governmental organization (NGO), has also presented a detailed action plan which calls for more aid, deeper debt relief, reforms to structural adjustment programmes (SAPs) and industrial country trade policies. UN bodies, such as UNICEF, have also put forward specific proposals to ease Africa's debt burden in particular (see page 29). UN Secretary-General Boutros Boutros-Ghali is already on record as having stated that debt "is a millstone around the neck of Africa" and must be alleviated.

The moves reflect conviction that the benefits of Africa's tough economic reform efforts and advancing democratization are being undermined by a still sluggish recovery in major industrial economies and other factors outside the continent's control such as debt repayments. "Africa is on a knife edge... Northern nations have the power to tip the balance," said Oxfam director David Brye at the 26 April launch of its campaign in support of Africa's recovery.

US President Bill Clinton

Both the World Bank and the International Monetary Fund (IMF) expect Africa's economic prospects to brighten considerably from 1994. The IMF's latest *World Economic Outlook* projects economic growth of 4.4 per cent a year for 1995-98. However, living standards will continue to fall this year, forecasts agree, and the outlook for Africa remains fragile at best (see table, page 30). Echoing this concern, World Bank Vice President for Africa Edward Jaycox recently emphasized the need for adequate funding of both economic and political reform efforts in Africa, including deeper and more wide-ranging debt relief.

Hopes of significant action by donors have been boosted by the new attitude being shown by the Clinton Administration, symbolized by its decision to drop US opposition to the 'enhanced Toronto' debt relief terms already on offer from most creditors. A $21 mn package, spread over the next three years, has now been put to Congress, to finance debt reduction of some 50 per cent to some 18 low-income countries in the first two years. The debt relief will be costed against the Foreign Aid Budget at what US Treasury officials term "the foregone expected payments" from a debtor country; a discounted price which Treasury Under-Secretary Lawrence Summers told Congress means that every $1 costed against the Foreign Aid budget amounts to $17 in debt reduction.

Treasury officials also confirm that the US is prepared to consider future action on the stock of debt, rather than on tranches of debt servicing due as in present Paris Club arrangements (see page 28).

Support found for Russia

Recent G7 action in mobilizing some $43 bn to support Russia's economic reform efforts has been suggested as the type of political commitment also required for Africa. African commentators have pointed to the political pressure on the IMF to adapt its conditions on lending in order to meet the particular problems of countries, such as Russia, which are in transition to a market-based economic system. The IMF's new, temporary Systemic Transformation Facility will permit significant lending before and during government implementation of policy reforms, rather than delay the bulk of disbursement until reforms have been put in place and maintained. Observers contrast this to Nigeria, where the IMF and creditors are

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US sets out its Africa policy

The new administration of President Bill Clinton has promised a more positive and activist US policy towards Africa. In a series of recent speeches, senior officials have set out the main lines of a policy which promises support for democratic change, debt relief and market-based economic reforms, but the amount of new money to be made available remains unclear.

In announcing US recognition of the government of Angola, President Clinton stressed "the high priority that our administration places on democracy." Both Secretary of State Warren Christopher in a 21 May address to the 40th anniversary of the African-American Institute and National Security Advisor Anthony Lake in an earlier speech made clear that future US aid would be linked to progress on democratic reforms.

But in acknowledging the diversity that democratic forms can take, Mr. Lake added that "Africa's democratic institutions will not always look like our own," while Assistant Secretary of State for African Affairs George Moose in his 22 April testimony to Congress promised to help meet basic human needs of people "even when their governments are not making satisfactory progress towards democracy."

Treasury Under-Secretary Lawrence Summers' attendance at the annual meeting of the African Development Bank was another reflection of the higher profile Africa can expect in Washington. But his announcement of new debt relief was coupled with a warning that lending conditions would remain tough and that "the world cannot maintain forever the current level of aid." Mr. Lake, while promising support for "Africa's economic reforms and economic growth," said that the current drive for economic liberalization "was the only definitive remedy for the poverty that plagues the continent."

Despite strong verbal support for Africa, the volume of US aid remains unclear. African supporters in the US Congress are trying to boost funding of the main aid arm from a proposed $800 mn to $1 bn. But they face a tough battle, with threats of a 2 per cent across-the-board cut to accommodate new demands from Russia. The Administration also faces a difficult challenge in getting Congressional approval for the US contribution to the replenishment of the World Bank's International Development Association, where a 20-per cent cut has been proposed for 1994.

READEX
FICHE

Growth not benefiting people: UNDP

Human Development Report calls for new patterns of national and global governance

By Carole Collins

Despite the widespread acceptance of the need for open market economies and democracies, the vast majority of the world's people still do not participate in the vital economic and political decisions that affect their lives, says the UN Development Programme's (UNDP) 1993 *Human Development Report*.

WFP/A. Girod

Women's literacy class in Chad. UNDP's Human Development Report *shows that no country in the world treats women equally with men.*

The report — which was first produced in 1990 and has speedily established a reputation for bringing fresh, post-Cold War perspectives on the basic development issues of our time — also points out that much of the world's acclaimed economic growth has not been accompanied by an equivalent increase in employment. Such trends are resulting in increased poverty, which the report cites as the greatest current threat to global security.

The report therefore calls for new patterns of global and national governance and recommends that all global institutions be re-examined, including the Bretton Woods organizations. The report calls for an Economic Security Council within the UN. This could have 11 rotating and 11 permanent members, the latter to include the five permanent Security Council members, Germany, Japan and the most populous developing country from each of four regions — India, Nigeria, Brazil and Egypt. No member would have veto power, Mr. Mahbub ul Haq, the report's principal author, said at a press briefing, but all resolutions from such a body would need the approval of majorities for both industrial and developing countries.

Mr. Haq also asserted that linking aid to human rights was counter-productive, since it enabled dictators to paint opponents as tools of "foreign masters." Withholding aid in such circumstances also meant that the people of the country concerned were being punished twice, first by the dictator and then by the cut-off in aid. Mr. Haq said donors would do much better to undermine corrupt and anti-democratic leaders by refusing to allow them to transfer illicit wealth into their banks.

New concepts of human security must focus on people rather than territory and be based on food, employment and the environment, rather than on armanents.

As "future conflicts may well be between people rather than between states," the report suggests that new concepts of human security focus on people rather than territory, and be based on food, employment and the environment rather than on armaments. New models of sustainable development need to create jobs as the best way to increase participation. Governments seeking to preserve environmental resources, it adds, should target the "silent emergencies" (water pollution, land degradation, environmental diseases) as much as the "loud emergencies" (global warming and ozone depletion) that dominate the media.

The report, issued on 26 May, highlights a troubling new phenomenon, "jobless growth." Economic output has grown twice as fast as employment in developing countries over the past three decades. From the mid-1970s to 1992, no sub-Saharan African country had single-digit unemployment figures. To create jobs and ensure all share in the benefits of economic growth, governments should make markets more "people-friendly" by: investing more in basic education and worker retraining; ensuring universal access to markets; redesigning credit systems and fiscal incentives to support small-scale enterprises and informal employment; using tax breaks to encourage labour-intensive technology; providing better safety nets during economic downturns; and exploring ways to share work opportunities, such as introducing a shorter work week.

The 1993 report again ranks nations using the Human Development Index (HDI), which combines life expectancy, education and basic purchasing power into a broader-based indicator of development than the traditional income or output measures. Since its first use four years ago, African countries' rankings have remained constant. Over two-thirds of the 61 countries ranked 'low' in human development in 1993 are African. Those at the bottom tend to be from the Sahel or Horn of Africa, or torn by civil conflict (Angola, Mozambique). Those ranked higher tend to be from northern or southern Africa, to be oil exporters (Algeria, Gabon), or island-nations. Seven countries have achieved 'medium human development' according to the 1993 report — Seychelles, South Africa, Tunisia, Botswana, Algeria and Gabon, plus Mauritius, the only African country ever ranked 'high' (in 1991).

The report notes that income is a poor indicator of human development. Ethiopia,

Madagascar, Mozambique, Tanzania and Uganda all have HDI rankings far above their per capita gross national product rankings. Algeria, Angola, Botswana, Cameroon, Djibouti, Gabon, Guinea, Mauritania, Namibia, Senegal and South Africa, by contrast, have income rankings far above their HDI rank and " greater resources for improving the lives of their people."

The 1993 report notes that disaggregating a national HDI ranking by group or region can reveal stark internal deviations in human development from the national average. In the United States, for example, whites rank first in the world in human development (ahead of Japan), whereas blacks rank 31st (alongside Trinidad and Tobago), and Hispanics rank 34th (alongside Estonia). When adjusted for gender disparities, all countries' HDI rankings, including African ones, fail to improve, meaning that no country treats its women as well as it does its men.

The report criticizes past patterns of aid-giving based on political or geo-strategic reasons rather than on people's needs. It notes that El Salvador, with 5 million people and an annual per capita income of $1,000, receives more US assistance than Bangladesh, with 116 million people and a per capita income of only $210. Calling for new forms of international cooperation, the report repeats the suggestion that at least 20 per cent of both official development assistance (ODA) and government budgets be allocated to human priority areas like health and basic education (against the present 6.5 per cent). It also urges that ODA allocations be based on levels of poverty. Only a quarter of global ODA goes to the 10 countries with three-quarters of the world's poor.

Aid for technical assistance must be used for national capacity-building and not as now mainly spent on experts, equipment and technology from the donor countries. And ODA must be linked to gaining more equitable access to global markets. Lost trade earnings were 10 times greater than annual ODA flows in 1992, the report claims.

The report emphasizes the emergence of NGOs as advocates for marginalized groups, as providers of emergency services and as means for effective outreach to the poorest. In the early 1980s, NGOs reached perhaps 100 million people, including 12 million Africans.

Turning to economic reforms, the report details the strategies of 11 countries, including Egypt, Ghana and Kenya, among the approximately 80 in the process of privatization and economic liberalization. It identifies "seven sins of privatization," including maximizing revenue without creating a competitive environment; replacing public with private monopolies; using non-transparent and arbitrary procedures; using the proceeds to finance budget deficits; making false promises to labour; and privatizing without building political support. ■

UNDP Assistant Administrator (Africa) Ellen Johnson Sirleaf.

UNDP's expanding agenda for Africa

Large resource inflows could make a major difference to Africa's economic development, as was the case with prosperous South-East Asian countries which were in the 1960s at the same stage as some African countries today. Instead, Africa faces dwindling resource inflows and currently pays over $20 bn in annual debt service, "often at the expense of human development," declared Ms. Ellen Johnson Sirleaf, Assistant Administrator (Africa) of the UN Development Programme (UNDP). She told UNDP's governing council in New York in June that it was now an economic and moral imperative to eliminate or reduce the "critical constraints" on Africa's progress. This meant concerted international action on debt cancellation and higher resources flows to prevent derailment of economic reforms and to promote sustainable growth.

She expressed concern that UNDP was facing a 25-30 per cent cut in resources for its 1992-96 programme cycle, at a time when its expertise had led to broader involvement in Africa. While playing a role in over half of the political transformations under way in 20 African countries, UNDP was also working with governments in programmes that combine economic growth with human development, including such concerns as capacity-building and environmental protection.

Ms. Johnson Sirleaf listed the structural problems of underdevelopment, and the AIDS pandemic, which could become the "number one enemy to growth," as other elements in the overall challenge UNDP faced in broadening its capacity to respond without spreading itself too thin. However, UNDP resources for Africa could fall from $1.8 bn to under $1.3 bn for the next cycle, with grave implications for regional programmes and such partners as the Economic Commission for Africa.

UNDP's Africa Bureau was therefore developing "an aggressive approach" to mobilizing additional resources, while eliminating low-impact programmes to better focus on helping African countries to design long-term strategies and develop their ability to manage them. Particularly relevant, said Ms. Johnson Sirleaf, were the National Long-Term Perspective Studies and the African Capacity Building Initiative, both of which became operational in late 1992.

These were UNDP's special contributions to the UN New Agenda for the Development of Africa in the 1990s (NADAF), besides its membership of the High-Level Panel set up by the UN Secretary-General to advise on implementing NADAF. UNDP was also working with the UN Department of Humanitarian Affairs in Angola, Liberia and Mozambique, and had helped 10 drought-stricken Southern African countries avert a famine tragedy.

However, the downside of political transformation was, in some cases, conflict and emergency situations. Pointing to the cases of Liberia and Angola, Ms. Johnson Sirleaf called for forceful international action to prevent deteriorating situations that had to be tackled with much higher levels of resources.

She also stressed that policies such as price and interest rate liberalization, devaluation, and civil service cutbacks, could also bring short to medium-term instability and deter private investors and entrepreneurs. Private capital inflows had virtually dried up even in relatively successful adjusting countries. Donors, she argued, should therefore underpin the progress of African economic reforms, and fulfil their responsibilities under NADAF. ■

Tapping the private investment pool

Private flows offer Africa access to much needed and debt-free financing. Ghana is just one of many countries attempting to attract new investment. But official donor support is often needed to help link external investors with African business opportunities and to build up necessary infrastructure. Success also requires a strong domestic private sector, and women in Zimbabwe (see story, page 8) are showing that there is no lack of entrepreneurial initiative in Africa.

Financially starved, Africa is missing out on the most buoyant element of current world financial flows — private investment. Low investment flows "underline the increasing marginalization of the region," argued the UN in its 1992 *World Investment Report*. African countries have made a concerted effort to attract new investment in recent years, liberalizing investment codes and becoming more "market-friendly." But with competition for resources intense, continuing political and economic uncertainty, indebtedness, small markets and poor infrastructure are all affecting investors' perceptions of risk.

Net foreign direct investment (FDI) in Africa rose in 1991 to $3 bn, according to the UN's 1993 *World Investment Report*, but overall its share of flows to developing countries — which toualled $36 bn in 1991 — has been steadily falling since the early 1980s. For sub-Saharan Africa, FDI flows have averaged little more than $500 mn in recent years.' Of portfolio investment — mainly bonds and other forms of commercial paper — the continent sees virtually nothing, although this is the fastest growing sector in financial flows to developing countries. From a mere $7.6 bn in 1989, these flows — in gross terms — had risen to some $20 bn by 1991 and to over $30 bn by 1992, according to the World Bank's 1993 *Global Economic Prospects and the Developing Countries*. While Africa was raising well over $100 mn a year through the bond market in the late 1970s, only Algeria raised finance this way in 1991, according to Bank figures. Overseas investment in African stocks and shares is also virtually non-existent.

What private investment Africa does get is virtually all in either extractive industries — oil and mining — or tourism. In 1991, three-quarters of all FDI in Africa was directed to oil-exporting countries, according to the UN. Only 20 African countries received any direct investment, and just six countries — Angola, Egypt, Gabon, Morocco, Nigeria and Tunisia — accounted for 90 per cent of the net inflow, World Bank figures suggest.

Morocco is one of the few non-oil African countries attracting significant amounts of FDI. Between 1986-88 and 1989-91, net inflows quadrupled, thanks to strong economic growth, liberal investment legislation and improving access to the European Community market for some manufactured products.

Elusive funds

But for non-oil, sub-Saharan Africa, FDI remains an elusive source of funds, despite continued liberalization of investment laws and the establishment of 'one-stop' centres intended to speed up the investment process. Accounting for over 35 per cent of global aid flows, the region gets less than 1 per cent of FDI, with the return on investments falling from some 30 per cent in the 1960s to 2.5 per cent 20 years later. For every country, such as Benin or Tanzania, which has set out to attract foreign investment, countries once favoured by investors, such as Cameroon, Congo and Côte d'Ivoire, have seen flows plummet along with once buoyant growth rates. The small size of domestic markets limits potential returns to manufacturing investors, the UN points out, and underlines the need to accelerate the efforts now under way to stimulate economic integration. In a speech in December, UN Secretary-General Boutros Boutros-Ghali also pointed to the effect of a heavy debt burden on the perception of Africa's credit-worthiness — and hence access to private capital.

Sir William Ryrie, Executive Vice President of the World Bank's private sector arm, the International Finance Corporation (IFC), stresses the importance of getting economic policy right. "Too many African countries

Helping hands for potential investors

Despite Africa's poor image among foreign investors, new ventures with official backing are proving there are many viable opportunities on the continent. The Africa Growth Fund, a $25 mn venture capital fund, is half way through a successful investment programme and considering a further venture when current funds are fully committed. Set up in 1989 by the US Overseas Private Investment Corporation (OPIC) and some leading US companies, the Fund has committed or disbursed $13 mn in new investments, ranging from mining and tourism to manufacturing and financial systems. The remaining $12 mn should be committed in the next 12 months, says Washington representative Mr. Ken Lochlin.

"There are many more attractive investment opportunities than we originally thought," Mr. Lochlin told *Africa Recovery*. But he stresses the shortage of both finance and expertise which hampers the preparation of internationally acceptable business plans. A similar point is made by the UN Conference on Trade and Development which points out that development aid fails to support pre-investment studies.

A special diversification fund, financing activities such as feasibility studies and business plans, was one of the major proposals discussed by the UN Secretary-General's Panel of High-Level Personalities on Africa at its April meeting in Rome (see page 1). The UN's 1992 *World Investment Report* argues that "greater involvement" by both national and international agencies can help overcome Africa's many problems in attracting new investment. The International Finance Corporation (IFC), African Development Bank and the UN Development Programme (UNDP), with schemes such as the African Project Development Facility (APDF) and the African Management Services Corporation (AMSCO), are helping small-scale ventures with finance, locating investors and management services. The Africa Growth Fund has used the APDF and UNDP's Investment Development Office to help locate and develop new ventures.

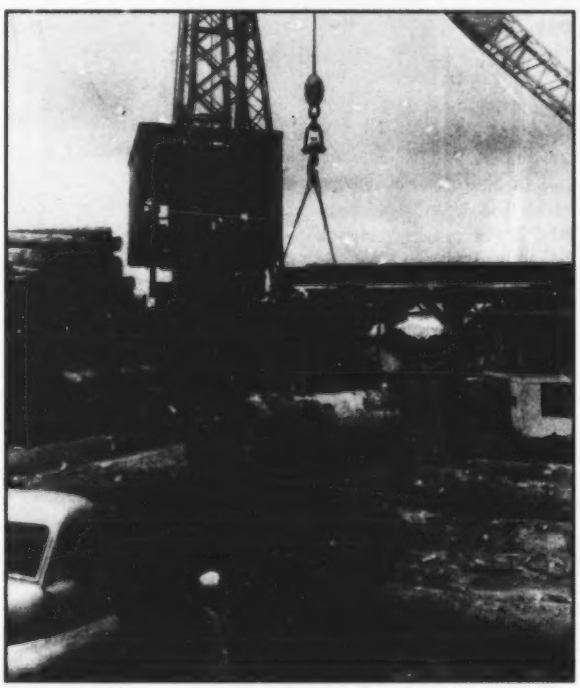
Mr. Lochlin stresses the importance of equity participation by multilateral bodies such as IFC and bilateral counterparts such as the Commonwealth Development Corporation (CDC), both of which have taken equity stakes in Africa Growth Fund ventures.

CDC is also involved in raising portfolio investment, with a $25 mn country fund recently launched by Mauritius to attract finance into its fledgling stock exchange. Established in 1989 as part of a strategy to develop an offshore banking centre, the Mauritius exchange now has 19 listed companies, with market capitalization of over $300 mn, as well as over 70 companies with unlisted securities. The fund is reportedly growing nicely through special tax concessions, no exchange controls, and a special restriction on any other portfolio investment in Mauritius for 12 months. Zimbabwe is considering a similar fund after partially lifting restrictions on foreign ownership of shares in April.

have embraced economic reform too hesitantly," he argued at a March conference on investment in Africa in Nairobi. With competition to attract foreign funds intense, persistent budget deficits, overvalued exchange rates and high levels of inflation have acted as major deterrents, Sir William claimed. He called for "attention to the basics."

Financial Infrastructure

Countries must also address the regulatory framework and strengthen financial and other infrastructure if they are to attract investment. "Regulations against foreign investment must be eased," argues Ms. Teresa Barger, manager for Africa in the IFC's Capital Markets division. She quotes restrictions on dividend remittance in Kenya, and 'indigenization' decrees in Nigeria, where foreign ownership of shares is already near the maximum permitted in most quoted companies, as examples of current disincentives.



Africa Recovery

Timber is one of the many export sectors for which Ghana is seeking overseas investment.

Both the UN and IFC also stress the need for a strong domestic private sector, if foreign capital is to be attracted. In many parts of Africa, the formal private sector remains small and underfinanced, squeezed by the combination of low domestic investment rates and the continuing dominance of the public sector. Africa has "the dubious honour of being the only region in the developing world in which public investment exceeds private," Sir William pointed out.

Faster privatization in Africa could help to reverse these trends, Sir William suggests. Many African countries are attempting this, hoping to gain both greater efficiency and much needed one-off revenue from the sales. But progress has been slowed by a combination of financial problems — including the valuation of debt-burdened assets — and administrative constraints, as well as in some cases vested political interests and the scarcity of private concerns capable of taking over the enterprises. The UN Conference on Trade and Development has argued that given such structural weaknesses, privatization has "turned out to be counter-productive, drying up scarce capital resources." World Bank Vice President for Africa Edward Jaycox, in a February report, observed that privatization in Africa has often involved selling off "ventures of questionable profitability to a weak private sec-

Ghana accelerates privatization

By Samuel Sarpong in Accra

The Ghana International Trade Fair, held in Accra in March after a 17-year break, is just one example of current efforts by African governments to attract foreign trade and investment. Promoted by the Ghana Trade Fair Authority as an image-building as well as trade promotion exercise, the 13-day Fair attracted some 500 foreign and local companies. Business was concentrated in areas such as agricultural products, tourism, mining, industrial machinery, transport, health care and financial services.

In another sign of the changes now under way on the continent, South African companies were prominent participants. Mr. Pascal Bergonzoli, Director-General of South Africa's Gamma Zenith, stressed both Ghana's political stability and its potential for trade in the West Africa region as reasons for his company's interest.

The Fair was held as the newly elected government of President Jerry Rawlings draws up plans for a new Investment Code which will simplify and make more transparent investment procedures. Finance and Economic Planning Minister Kwesi Botchwey announced in his January budget there would be further improvements in financial incentives and an acceleration in the government's divestiture programme. Ambitious privatization plans have been largely stalled in recent years, but the 1993 budget projects sales of public assets as a major source of revenue. Ghana's current financial programme is "crucially dependent" on a more vigorous private sector promotion effort and an acceleration of the privatization programme, Mr. Botchwey said in presenting his budget. An initial list of over 30 companies to be sold was published in March and future sales could include the profitable Ashanti Goldfields, in which the UK's Lonrho already has a 45 per cent stake.

Following recommendations from the government-appointed Private Sector Advisory Group, the government is reinforcing the abolition of export and import licences with further amendments to the 1985 Investment Code to facilitate joint ventures. Through a Trade and Investment Programme, it aims to improve the business environment with an export promotion package, backed by insurance and credit guarantee schemes, and better access to longer-term financing. With the start-up of the stock exchange and the development of more financial instruments, mobilizing finance, including from abroad, is becoming easier. ■

tor operating virtually without any developed national capital market."

Yet privatization can work. Dr. Hamza Zayyad, chairman of the committee overseeing Nigeria's privatization programme, told a recent meeting that the country now had 800,000 shareholders, thanks to an active public campaign. Privatization could revitalize the stock exchanges in North Africa, starved of quoted equities, says a recent report by the London branch of US investment house, Lehman Brothers. While implementation has been slow in Egypt, Morocco is planning to privatize some 115 public entities this year with a capitalization of some $2 bn, and Tunisia is also proceeding with plans to divest. The scope for larger private flows is potentially huge if Africa can succeed in attracting such funds. Institutional investors in industrial countries — a major source of portfolio funds — have so far committed a mere 0.2 per cent of their total assets to developing countries. The Lehman report points to a large pool of off-shore Arab savings which could be a major source of investment in North Africa.

Capital markets

But for privatization to succeed, developing Africa's capital markets is essential. An efficient stock exchange has been a vital part of Nigeria's success in securing broad participation in its privatization programme, Dr. Zayyad said. In Africa, there are 10 functioning stock exchanges — Botswana, Côte d'Ivoire, Egypt, Ghana, Kenya, Mauritius, Morocco, Nigeria, Tunisia and Zimbabwe. Some, like Ghana and Mauritius are new, and all are small, even relative to other "emerging markets" in Asia. For overseas investors, taking an exchange rate risk as well as that associated with the equities themselves, they also tend to be volatile markets. After a boom in 1991, the dollar value of the Nigerian stock exchange — the largest in Africa — fell 39 per cent , while Zimbabwe's fell 62 per cent.

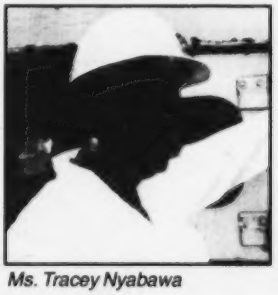
Nevertheless, Botswana for one has demonstrated that overseas investors can be attracted. Ms. Barger stresses its lack of restrictions, as well as good economic management record and stable currency. Côte d'Ivoire and Ghana are also relatively open. Answering concerns over foreign dominance of important economic sectors, Ms. Barger argues that "portfolio investment, politically, is the least problematic investment countries can get."

She also points out that "there is nothing more heartwarming to an investor than someone returning money to their own country." Return flight capital has been a major factor in investment in Chile and Mexico. The World Bank estimates that flight capital from sub-Saharan Africa is equivalent to some 80 per cent of its combined GDP, a huge potential. ■

Women entrepreneurs strike gold

By Beatrice Labonne

Mining in Zimbabwe is attracting a new breed of entrepreneurs — women. Of the 4,000 members who make up the Small-Scale Miners Association of Zimbabwe (SSMAZ), 400 are female miners. In 1991, the mining sector contributed 5.5 per cent of the country's gross domestic product and 43 per cent of its exports. Small-scale mining accounts for 10 per cent of Zimbabwe's total production of gold and other minerals.



Ms. Tracey Nyabawa

Ms. Eugenia Mathews is at present drafting the final details of a $3 mn project to develop a 9,000 tonnes-a-month gold mine at Fombe, some 186 kilometres north-west of Harare. Ms. Mathews, whose recession-hit printing business forced her to seek alternatives, envisages a mine with a difference. Located near a game park, the project will include a wildlife park and weekend cabins for tourists as a spin-off.

Ms. Tracey Nyabawa owns a successful hair-dressing salon, but she too is turning to mining because of its potential. Clad in white overalls and hard hat, Ms. Nyabawa spends most of her time at her mine in Shamva, also north-west of Harare, more concerned with the content of the leaching mixture which concentrates the gold than with hair relaxers and hair pieces. Supervising operations at her small-scale gold mine with its 27 workers and foreman, Ms Nyabama mines about 100 tonnes a month. Described as one of the most dynamic entrepreneurs in the region, she learnt mining from her uncle and regards her new job as an example of the widening opportunities for innovative women in Zimbabwe.

She is a beneficiary of the Shamva Mining Centre established in 1989 by the UK non-governmental organization, Intermediate Technology Development Group, in collaboration with SSMAZ. Its aim was to test the concept of sharing mining equipment, an ore processing plant and training facilities, as a way to provide infrastructural support to the small-scale miners of the region.

The 1991-92 drought, which devastated much of Southern Africa, has made subsistence mining an attractive alternative to farming in countries like Zimbabwe, where the government has adopted forward-looking strategies for nurturing this still informal but growing sector of the industry.

"Women can obtain mining claims as easily as men, provided the claim meets the requirements of the Ministry of Mines," says Ms. Constance Mugedeza, another member of SSMAZ, who went into mining because of the general economic uncertainty. More and more women have become heads of households and as a result have developed management skills that "become handy to run a mine," she argues.

Women have shown themselves less conservative in their approach to innovation. Mr. Giles Munyoro, president of SSMAZ, says women miners are his best allies in promoting new technologies.

Small-scale mining is now an important part of the economic scene in a number of African countries. A UN-organized seminar in Harare in February drew some 150 participants from Ghana, Morocco and other regions of the world as well as Zimbabwe to draft guidelines for a framework to develop the small-scale sector. Tackling themes such as the legal and financial aspects, marketing, government support, as well as technical issues, the meeting stressed the important role a properly supported, small-scale mining sector could play in wider development goals. ■

Beatrice Labonne is Chief of the Mineral Resources Branch in the UN Department of Economic and Social Development.

ADB seeks concessional funding boost

Donors push for tougher lending and arrears policy

By Roy Laishley in Abidjan

The African Development Bank (ADB) is seeking a massive inflow of concessional funding for the next three years to channel to the increasing number of countries unable to afford loans from its main lending arm. Negotiations on a proposed 62 per cent increase for its soft-loan facility, the African Development Fund (ADF), which formally got under way in Abidjan on 14 May, take place against the background of strong pressure from the ADB's non-regional members to restrict lending from the Bank's main lending arm to a relatively small group of creditworthy countries. This follows a doubling in repayment arrears in 1991-92 to over $400 mn. If this trend continues, it could jeopardize the ADB's prime standing in international capital markets, they argue.

International Media Partners/Todd France

"All categories of African countries must have access to both the concessionary and non-concessionary windows of the bank group."

Nigeria's Finance Minister Oladeye Olashore

ADB's President Babacar Ndiaye has backed the non-regionals' demand for action on arrears. "The insidious accumulation of arrears in the long run is disastrous for the institution if this were to continue," he told the ADB's 12-14 May annual meeting in Abidjan, proposing measures to tighten Bank policies. For the time being the ADB must operate "more as a bank than as a development agency," he argued.

Restricting access to loans

Given the growth in arrears, future lending must be based on country risk considerations, Mr. Ndiaye said: "it would be quite opportune and understandable to cut down or even stop non-concessional lending to defaulting and, above all, low-income countries," he suggested. But, he warned, "such a decision would have the adverse effect of further reducing the level of investment in those countries if concessional resources were not made available to replace those that would have been provided otherwise by the ADB."

Last year, only 17 countries borrowed from the bank's main arm — the lowest number since 1989 — with North African countries accounting for 55 per cent of all new loans. With ADB facing the dilemma of a few relatively successful economies chasing a large pool of expensive monies and a growing number of struggling countries competing for a limited amount of concessional funding, non-regionals concede there is a danger of it becoming a "North African Bank."

If ADB lending is to be limited to solvent countries there must be a substantial replenishment of the ADF, Mr. Ndiaye said. The bank's management is proposing a 50 per cent increase for the seventh replenishment of ADF, with an additional 12 per cent to account for inflation during its three-year life, starting in 1994. Mr. Leon Mazairac, Director-General in the Dutch Development Cooperation Ministry, has been appointed coordinator for the negotiations, which are scheduled to be completed by the end of the year, but which could be extended.

Donors cool on ADF boost

While Mr. Ndiaye's proposals on tightening the ADB's lending portfolio were welcomed by non-regional members, they have been more circumspect in reacting to calls for a massive boost to ADF. Donors warn that in the present climate of tight budgets an increase of the size being sought will be difficult to justify. "That's difficult, that's real money," one commented.

Non-regionals have made it clear that a substantial boost to ADF is dependent on progress in tightening lending and improving project quality — a working group has been set up to investigate project lending, along the lines of the recent Wapenhans Report which sharply criticized the quality of World Bank loans. Many African ministers, however, reject any link. "We do not accept the position whereby exemplary performance of the majority of the members is punished by the non-performance of a few," Uganda's Minister of State for Finance Matthew Rukikaire said.

Nigeria's Finance Minister Oladeye Olashore said there was a danger of overstating the extent of the arrears problem, arguing that it reflected the political turmoil currently facing countries such as Liberia, Somalia and Zaire. Warning against the undue influence of non-regional members over bank policy, he said the ADB was "passing through a major crisis of identity."

He also insisted that "all categories of African countries must have access to both the concessionary and non-concessionary windows of the bank group." The same point was made by Ethiopia's Finance Minister Ato Alemayehu Daba, who argued that denying the bank's 35 poorest members access to ADB funds could push them into borrowing from even harder commercial sources. Mr. Daba suggested "blending" bank and ADF money to enable countries to retain access to both facilities.

Non-regional support, however, is needed for a proposed general capital increase after 1997. They have already succeeded in curbing the recent expansion in bank lending, enforcing a policy of "consolidation" for the 1992-96 operational period. Total bank lending in 1992 fell by more than 13 per cent to just under $3 bn, largely as a consequence of the new ceiling on lending. Group disbursements, however, held firm, rising slightly to $2.16 bn, and at $1.3 bn net transfers by the ADB group were the largest of all multilateral institutions, according to Mr. Ndiaye. ■

Regional integration faces tough challenge

UN Secretary-General Boutros Boutros-Ghali has stressed that fostering regional integration is a priority for Africa. But recent meetings in Harare and Lusaka have illustrated the difficulties facing two regional organizations as they attempt to forge closer economic ties in Southern Africa.

SADC tackles donor doubts

By Richard Synge in Harare

The Southern Africa Development Community (SADC) — conceived at a regional summit in Windhoek last August — seems likely to have a difficult birth. At a consultative meeting in Harare at the end of January, major donors, who could play a vital role in nurturing the new entity, gave only a lukewarm reception to SADC's ambitious plans to transform the present loose coalition of 10 members states into an integrated economic community.

Donors, who in the past have given significant support to the transport projects of the former Southern African Development Coordination Conference (SADCC), expressed concern over the practicality of new plans and their possible overlap with those of the Preferential Trade Area (PTA) for Eastern and Southern Africa. Botswana is the only SADC member who is not also a member of the 19-country PTA. SADC has so far resisted PTA overtures for a merger of the two organizations, but has now agreed to a joint ministerial committee to study future relations between the two. Donors are generally supportive of plans for increasing regional integration. But Denmark's Minister for Development Cooperation Helle Degn warned that "it should not be taken for granted that the 10 present members of SADC constitute the natural and definitive composition from the point of view of promoting regional trade and economic integration."

South Africa's attitude could be decisive, most observers feel. Officials in South Africa's Department of Foreign Affairs are arguing that the PTA is a more appropriate body for developing closer trade ties, though they accept SADC's potentially greater cohesiveness. The establishment of an interim government could lead to a different attitude, with SADC attempting to forge strong ties to the African National Congress. But there is also strong pressure within South Africa to try to use a modified version of the Southern African Customs' Union as the core of a wider union between countries in the region.

Dr. Simba Makoni

The Director of US Agency for International Development's (USAID) Southern Africa Regional Programmes, Mr. Ted Morse, warned of the need for a "realistic" time frame and a coherent plan for SADC's integration efforts. Both EC Development Commissioner Manuel Marin and Canada's special representative, Mr. Walter McLean called for a stronger institutional framework for SADC.

The latter is under way, with SADC recruiting more staff. SADC's Executive Secretary, Simba Makoni, speaking after the meeting, acknowledged concerns that the organization could be trying to move too far too quickly, but emphasized that SADC would proceed cautiously and in tune with sentiment in the private sector which, donors stressed, was vital to the realization of integration plans.

As an initial step, SADC is planning protocols binding member states in areas such as the intra-regional movement of people; food security and agricultural production; industry, investment and trade, including lowering trade barriers and establishing a regional development bank; power generation and supply; and standardization and harmonization of transport and communications networks. On the latter, the head of the Southern African Transport and Communications Commission, Mr. Percy Mangoaela, told *Africa Recovery* that they hoped to capitalize on the lessons of the drought emergency, where SADC members "all cooperated very efficiently." ■

ADB calls for regional dimension to

Structural adjustment programmes (SAPs) have impeded efforts at fostering regional integration in a number of cases, special studies commissioned by the African Development Bank (ADB) show. Adjustment programmes must work hand-in-hand with integration efforts if Africa is to achieve faster economic growth, the ADB argues in its 1993 *African Development Report*. "Irrespective of how bold and courageous structural adjustment programmes are, they are not likely to have a significant impact on the growth and development process in the absence of more substantial progress with regional integration," the report concludes.

The studies suggest that efforts by the Economic Community of West African States (ECOWAS) and by both the Preferential Trade Area (PTA) for Eastern and Southern Africa and the Southern African Development Community (SADC) to increase regional integration can be impeded by some aspects of structural adjustment programmes (SAPs). And while underfunding, in the case of ECOWAS, and the continuing rivalry between SADC and the PTA have been factors in their underachievement, another contributing factor has been the "excessive preoccupation" of SAPs with short-run objectives which had prevented the economies from moving progressively faster towards self-sustaining growth and development," the report says.

Impeding integration efforts

Where they have been successful, SAPs have generally had a positive impact on integration efforts. But most of the adjustment programmes being implemented do not take into account their regional dimensions. This is despite obvious important linkages in areas such as trade and exhange rate liberalization, free movement of capital and labour and in the harmonization of economic policies. As a result even successful SAPs can have a disruptive effect, the report suggests.

In the ECOWAS region, for example, rapid exchange rate adjustments by Ghana and

Economic reality hits PTA unity

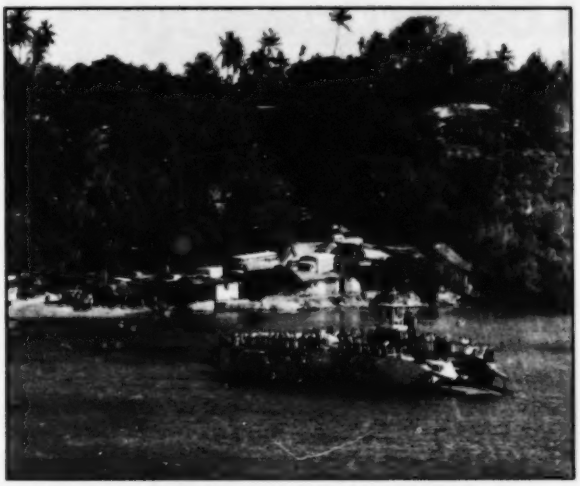
By Alfred Sayila in Lusaka

The 20-21 January summit of the Preferential Trade Area (PTA) for Eastern and Southern Africa States held in Lusaka was an eye-opener on the multiple problems currently facing efforts at economic integration in Africa. Numerous internal conflicts in the 20-country region (including Zaire, whose formal accession to the PTA, according to the final communique, was again delayed "as there was no delegation") and continuing difficult economic conditions have all impeded the PTA's drive towards integration.

Under the original plans for the PTA at its founding in 1982, this eleventh summit should have been celebrating the establishment of a common market for the region. Instead, the eight heads of state who met in Lusaka agreed to a new timetable which envisages all tariffs eliminated by 2000, and the immediate removal of non-tariff barriers. They were presented with a draft treaty for a Common Market for Eastern and Southern Africa (COMESA) which it is hoped will be signed by members at their twelfth summit in November this year.

COMESA states have a combined gross domestic product of $80 bn, which would rise to $200 bn if all the countries of the Southern African Development Community (SADC) and South Africa were included. "There is no doubt we will make COMESA a particularly attractive trading bloc," PTA Secretary-General Bingu wa Mutharika said. COMESA would facilitate cross-border investment, including from outside the area, he added.

Realizing COMESA's potential, however, could be difficult. Many heads of state stressed the barriers still facing greater trade between members. There is still a lot of groundwork to be covered before economic integration can be achieved, said Zambia's President Frederick Chiluba. "The fact is, intra-PTA trade has been growing at a slower pace than the trade with outside countries; this is a real challenge for us," he added in calling for improvements to the PTA's infrastructure. Uganda's President Yoweri Museveni, who pointed out that intra-PTA trade was still a "miserable" 4.6 per cent of members' total trade, called for the establishment of infrastructure that would bring members together, rather than, as now, which serve the economies of "former colonial masters." He also argued that the tying of aid to the procurement of goods from donor countries was another factor inhibiting intra-PTA trade. Given current problems, Tanzania's President Ali Hassan Mwinyi argued, a common market should not be established until "the necessary modalities" had been prepared.



UN/Milton Grant

Traffic queues for a ferry in Kilifi, Kenya, before the opening of a new bridge. Improving transport links is vital if the PTA is to forge closer economic ties.

Some aspects of structural adjustment programmes (SAPs) were also frustrating PTA's integration efforts, the summit concluded. Liberalization of foreign exchange, for example, was undermining efforts to widen the use of the PTA travellers' cheques. In their final communique, the heads of state stressed the need to ensure there was no conflict between the goals of SAPs and the PTA's monetary harmonization programme. Some concern was also expressed that the drive in many SAPs towards general trade liberalization could conflict with the PTA's efforts to ensure producers within the region were given preference.

The summit called on President Museveni, as PTA Chairman, to meet with Botswana's President Sir Ketumile Masire, Chairman of SADC, to resolve "amicably" any disagreement over the proposed merger of the two bodies. A joint ministerial committee is to examine "harmonization and coordination" between the PTA and SADC. ■

structural adjustment policies

Nigeria in response to adjustment programmes, have had a "disruptive" impact on Franc Zone members in the short-run, though in the longer-term integration efforts may benefit, the report concludes.

Ensuring harmony

For the PTA, there is an urgent need to ensure that SAPs are compatible with both the monetary harmonization programme of the PTA and its trade liberalization drive (see above). SAPs can assist both if the nature and timing of reforms are coordinated, but problems can arise. For both the PTA and ECOWAS, for example, the increase in foreign ownership of local businesses as a result of the privatization drive could create barriers to intra-regional trade because of rules-of-origin clauses in both organizations which discriminate against externally-owned companies.

SADC's traditional production approach to regional integration, in which it focuses its coordination activities on specific sectors such as agriculture and industry, fits well with sector-based SAPs, the ADB report suggests. SADC Executive Secretary Simba Makoni says that among the issues to be initially tackled in its plans to build a regional economic community will be trade and exchange control liberalization, along with border controls on labour and transport, all key areas where more regionally-sensitive SAPs can assist the integration process (see story on facing page).

The report suggests a number of reforms to ensure that SAPs complement regional integration efforts. It calls for a "coordinated approach" to exchange rate alignment, for example, to avoid competitive devaluations between countries. It also urges modifications to SAPs to encourage central banks to ease restrictions on the capital account in a country's balance of payments. This, the ADB argues, would help facilitate more financial movement across regional borders.

Finally, the report proposes the development of fully-fledged regional or sub-regional SAPs and urges the World Bank, as the lead agency, to carry out detailed studies into how current SAPs can be modified to encourage economic integration. ■

Least-developed need more resources

UNCTAD report paints grim picture of prospects for world's poorest countries

By Amma Ogan

Donors must give greater and more consistent support to Africa's poorest countries if they are to break out of the current spiral of economic decline. Presenting "a general picture of economic malaise and stagnation," the UN Conference on Trade and Development (UNCTAD) calls for donors to honour their aid pledges made at the 1990 UN Conference on Least-Developed Countries (LDCs), increase debt relief and access to markets and ensure that the economic reforms now being required from aid recipients are compatible with development goals and with democratization.

World Food Programme/Paul Mitchell

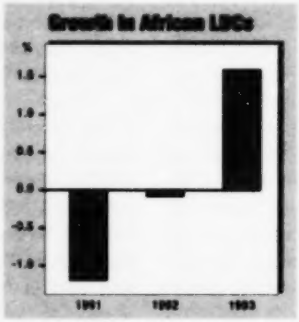
A Somali woman begs for food. UNCTAD warns that development has come to a standstill in many least-developed countries because of political conflict.

UNCTAD's 1992 *Least Developed Countries* report warns that per capita incomes will again fall in 1993 in many of Africa's poorest countries, despite a modest rise in growth rates. After annual negative growth of gross domestic product (GDP) in 1991 and 1992, African LDCs are expected to grow by only 1.6 per cent in 1993, well below population growth rates of some 3 per cent. Thirty-two out of the 46 countries of sub-Saharan Africa are included in the list of 47 LDCs. While a small group has recently shown faster growth, largely as a result of strong and stable government commitment to economic reforms, "there are many LDCs where the development process has come to a virtual standstill," says UNCTAD Secretary-General Kenneth Dadzie.

On the positive side, exports from Malawi, Mauritania and Uganda have risen by some 5 per cent, while Gambia has diversified trade by producing basic consumer and intermediate goods. Botswana and Lesotho, despite being affected by food emergencies like 12 other African LDCs, have had faster growth due to strong export performance in diamonds and manufacturing respectively.

In contrast, Ethiopia, Liberia, Mozambique and Somalia, all plagued by civil strife, have had stagnant or severely declining per capita GDP. There is little chance for normal growth in these countries, says UNCTAD, "unless the problems of governance...are overcome."

Most LDCs also remain dependent on "problem" primary commodities such as cocoa, coffee, tea and tobacco, where most prices have continued to fall. With demand hit by protracted recession in industrial countries, export earnings of LDCs as a group have been virtually stagnant since 1989, and rising import costs have brought a steady fall in their terms of trade.



Source: UNCTAD

The special needs of LDCs must be recognized in the world's trading system and particularly in the stalled Uruguay Round of trade talks, UNCTAD argues, placing a special responsibility on the European Community (EC). While LDCs account for only 3 per cent of EC imports from developing countries, the EC market "accounts for 50 per cent or more of total exports for many LDCs."

The report also calls for faster action on aid, which provided almost 90 per cent of net annual resource flows to LDCs in 1990. Aid to LDCs in 1991 fell as a share of the gross national product (GNP) of donor countries, despite pledges at the 1990 LDC Conference to increase it. Against a generally accepted goal of 0.20 per cent of GNP, UNCTAD calculates that official aid to LDCs fell in 1991 to 0.08 per cent from 0.09 in the previous two years.

Multilateral soft-loan facilities should be strengthened, given "the limited debt servicing capacity of the LDCs," the report says. LDC debt servicing in 1991 totalled $4.7 bn, and while the 22 per cent ratio of debt service to exports was the lowest in seven years, 20 LDCs still could not meet payments in full, hampering their access to new finance. Average debt service ratios for LDCs in 1993 are expected to rise to some 25 per cent (excluding obligations to the IMF).

By the end of 1992, 10 African LDCs had received the 'enhanced-Toronto' terms for debt relief. But achieving a more manageable 20 per cent debt service ratio for LDCs requires more substantial measures, says UNCTAD, also urging relief for the growing burden of LDC debt to multilateral agencies.

UNCTAD notes the tendency of donors to adopt a "quick fix" approach to LDC needs, undermining long-term efforts at establishing institutions and democratic practices. LDCs increasingly resort to cuts in recurrent and capital expenditure in order to meet conditions for adjustment programmes and debt rescheduling.

With the democratization process in Africa making the implementation of stringent conditionalities more complex, UNCTAD says "there is no shortcut to creating durable institutions and favourable policy environments." Reliance on price signals in the absence of stable markets is also "unlikely to bring about a sustainable increase in domestic resources," it says. ■

Breaking the expatriate grip on Africa

UNDP and World Bank call for reforms to technical cooperation

By Nii K. Bentsi-Enchill

Donors, including the World Bank, "have done a disservice to Africa" by imposing foreign consultants, says Mr. Edward Jaycox, the Bank's Vice President for Africa. This practice is a "systematic destructive force...undermining the development of capacity in Africa," he told a May African-American Institute conference. But Mr. Jaycox also charged that African governments had contributed to an "amazing braindrain" by inefficiently utilizing their own expensively trained professional talent. With its "world-class problems," Africa needs world-class economic managers.

A new UN Development Programme (UNDP) publication[1], coordinated by Mr. Elliot Berg, also says Africa has been locked in a "vicious circle" of decreasing local capacity to manage the proliferation of aid projects and donor controls on their aid. These views reflect the consensus that after 30 years of costly technical cooperation (TC), Africa's institutions remain weak and its dependence on foreign aid has increased.

UNDP has been in the forefront of efforts to improve the planning and coordination of TC, which amounts to a quarter of all development aid to Africa. Its contention that Africans must play a greater role in the design and implementation of TC is shared by the European Community which drafted new principles for TC in 1991. Recent internal World Bank studies have also called for "radical improvement" in managing its own TC operations, "particularly for institutional development."

However, it would be "utopian" to expect that TC will contribute to capacity-building when most African civil services are marked by low levels of pay and commitment, says Mr. Berg. Mr. Jaycox adds that donors continue to undermine already demoralized and underpaid civil services by poaching scarce talent with salary supplements. He also concedes that the adjustment policy of "getting rid of" thousands of civil servants is "not worth a candle" because it has not saved any money, and with "nothing happening in the real economy [it] just creates social problems."

Bank studies have pointed to a notably high failure rate for TC projects linked to adjustment in Africa. Least developed countries (LDCs) in particular have experienced a "diminishing capacity" to formulate and manage macro-economic policy while simultaneously attempting public sector reform and privatization, adds the UN Conference on Trade and Development (UNCTAD) in its 1992 *Least Developed Countries Report*.

Donor-driven aid programmes and over-reliance on foreign consultants have served Africa badly, according to World Bank Vice President for Africa Edward Jaycox.

IMP/Todd France

LDCs tend to be swamped by multiple projects and donors — at one time, tiny Lesotho, for example, had 321 projects with 61 donors — and UNDP says donor demands often stretch management and administrative capacity in many African countries to "breaking point." The result, according to UNCTAD, is renewed reliance on "donor-driven" aid and TC programmes which reinforce the very dependency they are meant to help eliminate.

Resistance to change; consensus on reform

However, there is political, institutional and individual resistance to change, particularly among "those who have vested interests in aid rather than development," argues the European Centre for Development Policy Management (ECDPM)[2]. It points to donor personnel and consultants of dubious quality who benefit from the current system, and also to African officials who refrain from more decisive action partly because of the "seducing opportunities that the aid system offers."

Both the ECDPM and UNCTAD cite the progress in reforming TC made through the National Technical Cooperation Assessment and Programmes (NaTCAP) that UNDP has helped set up in some 30 African countries since the late 1980s. Despite donor reservations and implementation problems, ECDPM signals the potential of NaTCAPs to encourage local "ownership" and generate policy-relevant information.

Need to mobilize African expertise

Addressing a "wake-up call" to African ministers and governors, Mr. Jaycox says qualified Africans must now be found to generate economic reform strategies and policy papers. He says the Bank will no longer write the plans for the 30 African economies "we're underwriting with hundreds of millions of dollars." Promising Bank funding and practical collaboration in such work, he adds that Bank-funded projects will be run by African ministries and not by project management units based in Washington, and the use of resident expatriate consultants will be sharply curtailed. Although most African countries are "not capable yet of putting together plans which will solve their problems," Bank methods are also not working: "the idea that we can provide this from 8,000 or 10,000 miles away is ridiculous," Mr. Jaycox declares.

Agreeing with UNDP and the ECDPM on the urgent need for more training of African economic planners and managers, Mr. Jaycox points to the African Capacity Building Foundation as a key instrument which "rises above both donor and African politics."

Supporting the move towards the aid "co-management" already practiced by Nordic countries, the ECDPM urges donors to limit their "often incoherent involvement in African policy-making processes and public sector management." It also insists that Africans must lead the assault on the vicious cycle of too much spent on foreign expertise and too little on building local institutions and mobilizing national expertise.

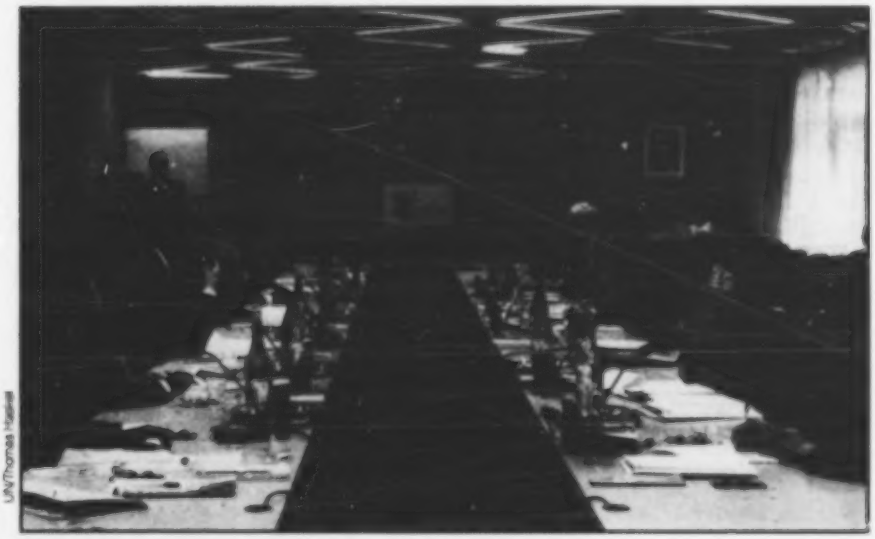
The objective, says Ms. Ellen Johnson Sirleaf, Assistant Administrator (Africa) of UNDP, is to see African governments and institutions "taking control of the whole process themselves, owning it, and managing it with seriousness and commitment." ■

1. Rethinking Technical Cooperation - Reforms for Capacity Building in Africa, *UNDP, New York; 1993.*
2. New Avenues for Technical Cooperation in Africa — Improving the record in terms of capacity building. *European Centre for Development Policy Management, Maastricht; 1991.*

Boutros-Ghali

from page 1

General said: "we have to combat compassion fatigue and the attitude which says that the problems of Africa's poor have nothing to do with the other countries of the world." He acknowledged the call comes at a time of economic recession and countries mounting unemployment in the industrialized countries, where the cause of international development is not a priority.



UN/Thomas Hoshel

The panel of High-Level Personalities on African Development chaired by Mr. Boutros-Ghali, at their April meeting in Rome.

Decrying the state of African development, the Secretary-General affirmed that "for over 30 years, aid and assistance has poured into Africa with seemingly little effect. Donors have lost optimism. Many recipients have become trapped in a cycle of dependence."

The whole concept of development has now come under scrutiny, the Secretary-General said. Describing it as "wasteful, paternalistic, neo-colonialist and lacking dynamism," Mr. Boutros-Ghali argued that "this state of affairs can no longer be tolerated or sustained." He said "more effective tools must be found urgently. More visible results much be achieved rapidly."

He told the Panel he did not want factual or statistical information from them, but political advice in presenting to the world new ideas and mechanisms to mobilize international public opinion in support of African development, without adding new bureaucracies. The Panel, which held its first meeting in Geneva last December, consists of a number of prominent public figures from both inside and outside the African continent.

One of them, former Nigerian head of state Olusegun Obasanjo, who is chairman of the Africa Leadership Forum, said that the aid that has flowed into Africa "had not really reached a critical mark that could...make the difference that people want aid to make." While not disputing there had been misuse of aid funds in Africa, Mr. Obasanjo pointed out that there had also been misuse of aid by donor officials. In most cases, he insisted, aid has essentially been used in the country of the donor, on its own products and expertise and not in developing countries.

Supporting NGOs

But even if traditional approaches may have failed, Africa needs the support of the international community, Mr. Boutros-Ghali said and called on it to "move away from approaches which have been tried and failed." As a first step, he said, "we must expand the scope and mechanisms that yielded results in the past. And experience indicates that more extensive use of non-governmental organizations may yield significant results."

NGOs represent one of the most dynamic elements on the African scene, with close to 1,000 engaged in various kinds of activities in Africa, ranging from providing relief services to scientific and technology transfer to advocacy and promoting more self-reliant development. The growth of such grass-roots movements shows the emergence of a strong civil society, willing to participate in the design of its own development.

Although NGOs lack coordination, have uncertain finances — despite a growing share of bilateral aid being channelled through them — and limited long-range planning and focus, they have a vital role to play in the development process of Africa, a role that must be recognized and supported, the Secretary-General argued.

The Secretary-General repeated his call for increased cooperation between the United Nations and NGOs, insisting that the relationship "must not be allowed to degenerate into a competitive one." Mr. Boutros-Ghali said both the UN and NGOs have much to learn from each other. This year's Human Development Report from the UN Development Programme (UNDP) explores many of the ways NGOs and international donors can work together for African development.

The Panel concluded that it was vital to strengthen relations between governments and NGOs and with the UN. Consultative mechanisms within NADAF to foster a continuing policy dialogue with the UN system in all areas, which recognize NGOs as essential partners in the development process, should be devised. Backing this should be moves to help NGOs strengthen their financial base and institutional capacity. The role of NGOs would also be enhanced if many obstacles impeding their work were removed.

The Panel made a number of practical proposals, including holding a conference between NGOs, UN agencies and governments, and publishing a directory of African NGOs. The Panel suggested governments consider adopting a legal framework for cooperation between them and NGOs. But the Panel also stressed the importance of NGOs retaining their voluntary, independent and popularly-based character.

Diversification

The Panel also reviewed African efforts to broaden their economic efforts; efforts which have met with little success. "Every economic meeting, every analysis of African economies stresses the need for diversification, time and

time again," pointed out Mr. Ahmedou Ould Abdallah, UN Special Coordinator for Africa and Least-Developed Countries. "But most African countries are still stuck with one or two export crops, and when prices drop on the world market they find themselves at the bottom of the well."

Mr. Yves Berthelot, Assistant Secretary-General of the UN Conference on Trade and Development (UNCTAD), presenting a report on diversification, said that although it was well understood that diversification is a prerequisite to sustained economic growth in Africa, it was still hindered by a serious lack of financing for technical assistance and of investment. The UNCTAD paper suggested a number of ways diversification could be fostered, including financing pre-feasibility and marketing studies and by using the UN's Common Fund for Commodities to this purpose. The Panel called for an early start for a feasibility study into a Diversification Fund for Africa, as proposed in NADAF.

Message to the Group of Seven

A consensus emerged in the Panel that the Secretary-General should send a message to the donor community, and in particular to the Group of Seven major industrial countries, expressing concern over the marginalization of Africa from the rest of the world, and also stressing the progress achieved by some African countries. The Panel suggested that such a message should draw attention to issues of particular importance, such as debt and security problems. A message should be sent to African leaders, pointing to the changing international environment and the need for a better use of national resources for development.

"This state of affairs can no longer be tolerated or sustained, more effective tools must be found urgently. More visible results must be achieved rapidly."

Boutros Boutros-Ghali

Japanese Ambassador Yasushi Kurokochi briefed the Panel on the forthcoming International Conference on African Development to be held in Tokyo in October. The conference, marking Japan's increased involvement in African development, will be attended by heads of state and ministers from Africa and representatives from major donor countries.

The Panel will meet again, probably in early December in New York, to discuss the issues of security and regional cooperation and integration in Africa.

Also attending the meeting were Mr. Bronson Dede, Assistant Secretary-General of the Organization of African Unity, Mr. Martin Huslid, Norway's Ambassador to the UN, Mr. Edward Jaycox, World Bank Vice President for Africa, Mr. Simba Makoni, Executive-Secretary of the Southern African Development Community and Mr. Mamoudou Toure, Director of the International Monetary Fund's Africa Department. Among senior UN officials participating were Ms. Catherine Bertini, Executive-Director of the World Food Programme, Ms. Ellen Johnson Sirleaf, UNDP's Assistant Administrator for Africa and Mr. Layashi Yaker, Executive-Secretary of the Economic Comn.ission for Africa. ■

Supporting diversification efforts

Little has changed in Africa's dependency on commodities over the past decade, despite repeated the efforts of many countries to diversify their economic base, UNCTAD said in its report to the Panel of High-Level Personalities. Where success has occurred, such as in Mauritius, it has usually been in countries with a relatively high gross domestic product and where the traditional commodity sector is strong.

If scarce resources are to be devoted to the highly risky task of developing new export products, then strengthening abilities to pick potential winners is a crucial ingredient for success. Africa has little leeway for protracted trial and error. And one of the most important gaps the international community can fill is the identification of viable opportunities for investors, both local and foreign, UNCTAD argues in its report to the Panel. Backing this must be the right supporting policy framework, it adds.

To this end it sets out three crucial ways in which international action can make the difference between success and failure:

Inter-agency support for identifying winners. Considerable expertise exists in various parts of the multilateral community which could enable governments and investors to identify areas where diversification seems feasible, formulate appropriate policies and assist in overcoming marketing problems. The urgent task is to set up a procedure for inter-agency cooperation to this end. A pilot UNCTAD project, funded by Japan and UNDP, involving six separate agencies, is currently carrying out such a coordinated approach and could be a model for wider action, the report argues.

Exchanging experience. Learning from others what worked and what did not could be one of the most valuable ways of ensuring limited resources are put to maximum effect. A series of workshops drawing on the experiences of diversification efforts, not only in Africa, but in Asia and Latin America as well, could provide a valuable guide to the do's and don'ts of diversification. As problems are often similar across commodities, these workshops could focus on one or two specific commodities.

Securing finance. There is an urgent need to attract finance for Africa's diversification efforts, UNCTAD argues. Money is needed for technical assistance, pre-feasibility and feasibility studies and investment. Much of the funding to develop a new product line should come from the private sector, the report suggests. But governments need assistance in putting the right supportive environment in place, particularly infrastructure, and it identifies financing for the pre-investment phase as a "major gap" in current development assistance. To fill it, UNCTAD makes a series of proposals, including a special diversification fund, as put forward in the UN's 1991 New Agenda for the Development of Africa in the 1990s (NADAF), and use of the second account of the UN's Common Fund for Commodities. The latter, it points out, might require amending the Fund's Articles of Agreement, but donors could consider allocating a portion of second account resources to assist Africa's diversification programmes, it suggests.

While these suggestions could provide important backing to Africa diversification efforts, they need wider support from the international community, UNCTAD argues. Above all, developed countries need to create liberal market access for both primary and processed commodities and maintain stable trading regimes so that "outputs of diversification efforts do not face altered, more difficult access conditions once they start to be successful."

Peace-keeping

from page 1

keepers quickly was again one of the many factors hindering efforts to broker a new cease-fire in Angola, according to the UN Secretary-General's Special Representative there, Ms. Margaret Anstee. "They don't grow on trees," she told a 27 May press briefing.

In the light of such difficulties "bold new steps are required," the UN Security Council said on 28 May in calling for a new report on peace-keeping operations from the Secretary-General by September. A recent report by a UN Special Committee on Peace-keeping Operations has identified ways in which peace-keeping operations can be strengthened — not least by putting funding on a more secure basis. A special advisory committee under the co-chairmanship of ex-chairman of the US Federal Reserve, Mr. Paul Volker and Mr. Shijuro Ogata, former head of the Bank of Japan (central bank), had earlier made a number of innovative suggestions, including an endorsement of Mr. Boutros-Ghali's proposal, made in his *Agenda for Peace* that funds for peace-keeping be allocated from national defence budgets on a regular basis. Present arrangements are based on assessed contributions to each operation as and when they arise. This is supplemented with a $150 mn revolving fund. Outstanding contributions total some $1.5 bn, leading to problems in at least five UN peace-keeping operations. With the peace-keeping budget already expected to climb to $4.3 bn in 1994 from $2.8 bn this year, the UN faces a serious financing gap.

Mr. Annan and Ms. Anstee both point to the lack of UN involvement early in the political reconciliation process as contributing factors to the problems faced in Angola and Mozambique. This was compounded by a mandate which severely limited the UN's areas of responsibility.

Somalia has shown that even with a large military presence UN peace-keeping operations can face considerable problems, not least because of an inevitable involvement in the political process for the future governing of the country. This can require expertise very different from that needed for just peace-keeping.

Preventive diplomacy

The political dimension to peace-keeping is crucial. But more preventive diplomacy, of the type advocated by Mr. Boutros-Ghali in *Agenda for Peace*, is increasingly seen as the only way to stem the rising demand for costly peace-keeping operations. US National Security Adviser Anthony Lake, in a 3 May speech on Africa, urged an "activist approach" for "nations that are disasters in the making."

To ease the pressure on the UN, Mr. Lake said the US was prepared to help strengthen the capacity of regional organizations, such as the Organization of African Unity (OAU), to handle conflict resolution. The OAU, which has been actively mediating in Rwanda, for example, will debate wide-ranging proposals to enhance its conciliation capabilities at its

Sudan emergency continues

Recurrent conflict among southern Sudanese rebel groups, delays in implementing a four-month old accord between the Sudan government, the UN and non-governmental organizations (NGOs), and slow donor response continue to threaten the lives of 2.8 million Sudanese affected by war, drought and floods. On 24 May, Secretary-General Boutros Boutros-Ghali asked Italy's former Permanent Representative to the UN, Mr. Vieri Traxler, to visit Sudan and neighbouring countries as Special Envoy for Humanitarian Affairs for the Sudan. Mr. Traxler will assess the situation first-hand and consult with all parties on how to distribute humanitarian aid more effectively.

UN agencies have attempted to expand relief efforts for 1.5 million southern Sudanese who urgently need food and other aid, after a mid-March cease-fire between the Sudan government and the largest faction of the rebel Sudan People's Liberation Army (SPLA) headed by Mr. John Garang. The UN's multi-agency Operation Lifeline Sudan, launched in 1989, pioneered the use of 'corridors of tranquility' to supply relief to civilians in both government and rebel-held areas. But floods and sporadic clashes between Mr. Garang's forces and rival SPLA splinter groups — during which a UN compound at Yuai was destroyed and a World Food Programme (WFP) relief worker almost killed — severely disrupted WFP and UNICEF relief operations, leaving nearly 100,000 people without food. This followed a September attack in which three UN workers were killed.

Aid agencies did achieve some successes in May: WFP's first major food shipment by train arrived in Wau, and the ICRC resumed work in Juba after a year-long hiatus due to disagreements with the Khartoum government. But some relief workers say conditions are as bad as those in Somalia last December.

The US-based Centre for Disease Control (CDC) estimated in March that over 80 per cent of children in several southern Sudanese communities were suffering severe malnutrition; any percentage over 10 is usually considered an emergency. CDC also found that mortality rates averaged about ten times normal in the communities they visited, and that over half the rate was due to starvation. Another 1.3 million people in western and central Sudan are also in urgent need of help, due to continued drought and flooding in different areas.

Almost a half million people have died, mostly from starvation, since the war erupted in 1983, and nearly 4.5 million people forced to flee their homes. Many have become refugees in neighbouring Ethiopia, Kenya and Uganda. Talks between the Sudan government and Mr. Garang's SPLA in the Nigerian capital of Abuja in May broke down again over the issues of Islamic law and southern autonomy, but are scheduled to resume in mid-June.

Aid workers are also frustrated at slow donor responses to the $189.7 million requested for Sudan by the UN Department of Humanitarian Affairs as part of its 1993 Special Emergency Appeal for the Horn of Africa. By early May, only $40 million — or 21 per cent — had been pledged, mostly by the US, the Netherlands, Australia, the UK and Canada. During an April visit to southern Sudan, US Ambassador Donald Peterson characterized donor response as "far short of the need" and called for a special donors' meeting on the Sudan.

Sudanese refugees in Ethiopia.

June summit in Cairo. However, Liberia, where the rebel force has disputed the neutrality of the West African peace-keeping force, underlines the problems that can be encountered. Somalia, in turn, has shown the risk for the UN that active peace enforcement can also compromise its perceived neutrality.

Among the disturbing aspects of the recent explosion in the UN's peace-keeping responsibilities is the fact that military operations are seemingly better funded than their humanitarian component, and also drain resources away from the UN's work on longer-term development goals. The UN is now spending $3 on peace-keeping for every $1 it spends on development assistance, India's Ambassador to the UN Hamid Ansari told an April session of the Special Committee on Peace-keeping.

"It is astounding," UNICEF Executive Director James Grant told the agency's Executive Board on 29 April, that governments had committed billions to peace-keeping operations to protect relief, but the mobilization of relief only scraped by. He pointed out that over $1 bn had been spent on the military intervention in Somalia while only 10 per cent of the $166.5 mn appeal by the UN Department of Humanitarian Affairs for relief and reconstruction work in 1993 had so far been contributed.

To date, the UN Security Council has authorized nine separate peace-keeping or monitoring missions in Africa, including one to South Africa. For every success, such as Namibia or, most recently Eritrea, there are others such as Somalia and Liberia, where the problems demand far greater resources than those presently available. Recent experience suggests that peace-keeping operations require stronger and clearer mandates, faster access to military capability and enhanced financial resources. None of these, however, will be effective unless they are coupled with a clear political commitment to peace in the countries concerned, UN officials argue. Only then can the humanitarian and development imperative assume its rightful priority. ■

Interview with UN Under-Secretary-General for Peace-keeping

New peace-keeping rules essential

By Salim Lone

The currently widespread support for UN peace-keeping operations will dissipate if the international community does not quickly formulate the principles and actions needed to better deal with the turmoil and human suffering that is spreading across the post-Cold War globe, says Mr. Kofi Annan, the UN Under-Secretary-General for Peace-keeping Operations.

UN/Milton Grant

The peace-keeping budget for Somalia exceeds $1.5 bn, but it does not contain money for schools, rebuilding bridges, resurfacing roads or restarting agriculture.

Mr. Kofi Annan

"As in Bosnia or in the first phase of the Somalia peace-keeping operation, when our soldiers have no authority to enforce the peace, to separate the factions, and you have killings, rape and torture going on while UN peace-keepers are there, there is outrage among the world's public, and loss of respect for the Blue Helmets," Mr. Annan asserts. "The situation is further complicated in countries whose taxpayers are footing the multi-billion dollar bill for peace-keeping efforts they view as failures." He therefore thinks it is vital to quickly find ways to protect innocent civilians caught in conflicts.

Mr. Annan emphasizes how rapidly peace-keeping operations are evolving and breaking new ground, with the Security Council recently authorizing UN forces, for the first time, to carry out a peace-enforcement action in Somalia and a "preventive" deployment in the former Yugoslav republic of Macedonia. But his focus is on the overwhelming challenges in an area where the United Nations had no experience even as recently as two years ago.

"The [UN] Charter, our own experiences and practice...everything we did in the past was predicated on negotiating with well-organized entities which were in charge of their territory, their troops, their foreign policy, states which would honour agreements made with the UN. Suddenly we are being thrown into the midst of civil wars and bitter ethnic disputes as in Bosnia or Somalia, in which there is no peace to keep, no cooperation from the party or parties involved. This is a situation that the Charter had not envisioned at all, and we are trying very hard to address these new and fundamental issues.

"Despite the successes we have had through our peace-keeping efforts, as in restoring some tranquillity in Somalia, helping run Cambodia and supervise its elections, and trying to prevent an all-out bloodbath in the former Yugoslavia, there is no denying that we need to fashion a more effective strategy to first prevent, and then contain, the civil wars and the bitter ethnic violence that are one of the hallmarks of the new era," Mr. Annan says. "In addition, much more attention needs to be paid to securing sustainable funding for these multi-billion dollar operations. Ways must also be found to ensure that the resources for alleviating the humanitarian tragedies which trigger the peace-keeping effort in the first place, are put on a sounder footing. At the moment, while governments are required to pay for peace-keeping operations in accordance with an agreed formula, funds for humanitarian assistance — frequently totalling only about a tenth of the cost of peace-keepers — have to be raised through voluntary contributions."

Africa, of course, continues to be a major concern for Mr. Annan, since it hosts the majority of recent peace-keeping operations. He stresses the importance of working with regional bodies such as the Organization of African Unity, which is playing a primary mediating role in Rwanda. He also points to the magnitude and delicacy of the operation in Somalia where an eventual 28,000 UN troops are to enforce peace. "Even if we are able to disarm the combatants, restore order and help reconcile the warring parties, there remains the challenge of helping reestablish the collapsed infrastructure, including the basic institutions of a nation, such as a police force, the judicial system, the civil service. The UN cannot do this work unilaterally, and of course, Somalia is not a trusteeship. The Somali people themselves must play a full role, and as early as possible. We can only assist." ■

The full version of the interview with Mr. Annan will appear in a forthcoming UN Focus *on Peace-keeping.*

A growing UN political, humanitarian presence

Peace-keeping and monitoring missions in Africa

WESTERN SAHARA

Secretary-General's Special Representative: Mr. Sahabzada Yaqub-Khan.

UN personnel: Initial 228 military observers, 100 military support personnel, 103 international and local civilian staff.

UN action: UN Mission for the Referendum in Western Sahara (MINURSO) costing $143 mn set up 29 April 1991 with mandate under June 1990 UN Settlement Plan to monitor cease-fire (in effect from 6 September 1991); prepare and hold referendum (originally scheduled for January 1992) on independence or integration with Morocco.

Current situation: Secretary-General Boutros-Ghali visits MINURSO area, Morocco, Algeria, and Tunisia early June 1993 to seek compromise on voter eligibility and prompt implementation of Settlement Plan. Mr. Erik Jensen appointed late April to chair Identification Commission that will register voters.

LIBERIA

Secretary-General's Special Representative: Mr. Trevor Gordon-Somers.

UN action: Security Council arms embargo since November 1992, backing Economic Community of West African States (ECOWAS) economic sanctions. Mr. Gordon-Summers discusses UN mediation role with OAU, ECOWAS, the Interim Government of Liberia, the National Patriotic Front of Liberia (NPFL) and the United Liberation Movement of Liberia for Democracy (ULIMO).

Current situation: Little progress on implementation of 1991 Yamoussoukro IV accord on cease-fire, demobilization and elections, with ECOWAS Cease-fire Monitoring Group (ECOMOG) supervising troop encampment and disarmament. Renewed ECOMOG military offensive after NFPL attacks on Monrovia leads to NFPL rejection of its neutrality. Heavy death toll and over half of 2.3 million population displaced or refugees since 1990. UN and NGOs trying to expand relief operations throughout Liberia while $161 mn UN appeal for Liberian relief aid not yet covered by donor pledges.

ZAIRE

UN action: Secretary-General decides early June to send Inter-Agency Humanitarian Needs Assessment Mission led by Mr. Darko Silovic of UN Department of Humanitarian Affairs. Talks continue with authorities on timing of mission to consult with all parties.

Current situation: Western countries urge President Mobutu to end political impasse since the August 1991-December 1992 Sovereign National Conference set up a High Council of the Republic (HCR) as a transitional legislative body. Widespread violence leads to thousands of deaths, hundreds of thousands of people displaced, particularly in Shaba and Kivu-Nord provinces, to which OAU decides early June 1993 to send observer mission.

ANGOLA

Secretary-General's Special Representative: Ms. Margaret Anstee (succeeded 28 June 1993 by Mr. Alioune Blondin Beye).

UN personnel: 276 military, police and civilian staff.

UN action: UN Angola Verification Mission (UNAVEM II) of June 1991-31 October 1992 to monitor cease-fire at cost of $109 mn, major observer 29-30 September 1992 elections. Security Council extends UNAVEM II mandate to 15 July, 1993, at additional cost of $3.6 mn, with personnel cut to 194.

Current situation: UNITA unanimously condemned by Security Council on 1 June 1993 for endangering peace process after rejecting first-round election results, resuming warfare (gaining control of 75 per cent of Angola), and refusing cease-fire terms agreed by government at 12 April-21 May Yamoussoukro peace talks chaired by Ms. Anstee. She presses for guaranteed safe passage of humanitarian relief for one-month period after attacks on UN personnel and humanitarian flights prompt cuts in UNAVEM II deployment from 68 locations to five. With 1,000 daily, war-related civilian deaths and 2 million Angolans needing emergency relief, UN launches late-May appeal for one-year, $226 mn humanitarian programme. Donors pledge initial $70 mn at 3 June meeting in Geneva.

SOUTH AFRICA

Chief of Mission: Ms. Angela King.

UN action: UN Observer Mission in South Africa (UNOMSA) set up mid-September 1992 with 60 civilian observers eventually deployed in 11 regions, particularly in Witwatersrand/Vaal and Natal/Kwazulu where most violence recorded. UNOMSA observers attended some 7,500 events and meetings by mid-March 1993 as part of fact-finding and preventive diplomacy with all sections of South African society to help advance progress towards a "democratic, non-racial and united" country.

SUDAN

UN action: Secretary-General appoints Mr. Vieri Traxler on 24 May 1993 as Special Envoy for Humanitarian Affairs for the Sudan to consult with all parties on more effective distribution of emergency relief.

Current situation: Nearly 3 million people in southern, central and western Sudan need emergency relief as warfare hampers work of UN Operation Lifeline Sudan (OLS). Stalemate in Abuja peace talks between government and rebel Sudanese People's Liberation Army (see page 16).

ERITREA

Secretary-General's Special Representative: Mr. Samir Sanbar.

UN personnel: Initial 22 international staff, and other local personnel; later includes 100 election monitors (70 from UN system; 30 from member states).

UN action: UN Observer Mission to Verify the Referendum in Eritrea (UNOVER) set up December 1992, costing some $2 mn.

Current situation: In 23-25 April 1993 referendum, 98.2 per cent of electorate vote 99.8 per cent 'Yes' for independence from Ethiopia. Mr. Sanbar certifies referendum as free and fair on the whole. Eritrea becomes 182nd member of UN four days after 24 May independence. In February 1993, UN launches $80.5 mn relief appeal as post-drought harvest provides only half of national needs (see page 36).

SOMALIA

Secretary-General's Special Representative: Admiral Jonathan Howe.

UN personnel: 16,700 soldiers currently deployed, rising to 28,000 including logistics personnel and 2,800 civilian staff.

UN action: UN Operation in Somalia II (UNOSOM II) takes over 4 May 1993 from US-led Unified Task Force with initial $300 mn budget to 30 June. Authorized to use force to maintain security and coordinate $166.5 mn UN relief and rehabilitation programme for 1993.

Current situation: 15 political movements at late March UN talks in Addis Ababa agree to set up Transitional National Council. Many UN and NGO relief staff evacuated after early June killing of 23 Pakistani peace-keepers in Mogadishu (see page 21).

RWANDA

UN action: Mr. Macaire Pedanou leads 2-17 March 1993 UN goodwill mission, and observes Arusha talks between government and insurgent Rwanda Patriotic Front (RPF); Secretary-General's Military Adviser Brigadier-General Maurice Baril leads 2-6 April fact-finding mission to Uganda and Rwanda; Secretary-General sends two military experts mid-May to help OAU in requesting donor funding of a Neutral Military Observer Group (NMOG) in Rwanda. A 20 May report to Security Council proposes UN Observer Mission Uganda-Rwanda (UNOMUR), costing $8.5 mn for six-month period, led by a Chief Military Observer, comprising 81 international military observers, 17 international and seven local civilian staff for deployment on Ugandan side of border.

Current situation: Following mediation since fighting began in October 1990, OAU secures 9 March cease-fire, but peace talks since 15 March inconclusive. Fighting in north displaces 900,000 Rwandans, with many in 30 camps suffering malnutrition and disease. Government and RPF sign 30 May pledge to help resettle 650,000 displaced in jointly-administered demilitarized zone in north. Initial donor pledges cover 60 per cent of UN Consolidated Inter-Agency Appeal for $79 mn until end-1993.

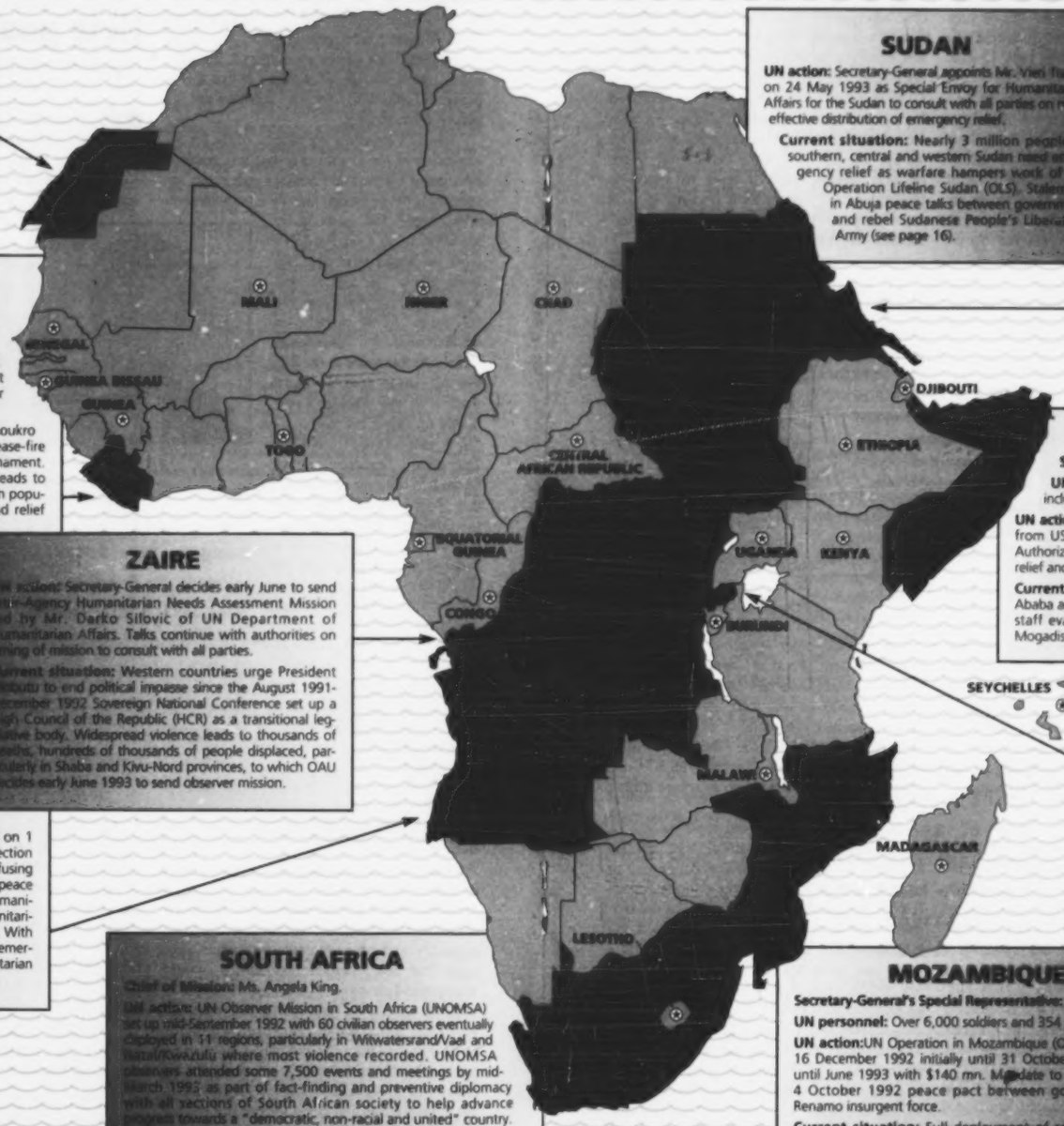
MOZAMBIQUE

Secretary-General's Special Representative: Mr. Aldo Ajello.

UN personnel: Over 6,000 soldiers and 354 civilians.

UN action: UN Operation in Mozambique (ONUMOZ) set up 16 December 1992 initially until 31 October 1993, funded until June 1993 with $140 mn. Mandate to help implement 4 October 1992 peace pact between government and Renamo insurgent force.

Current situation: Full deployment of soldiers from 19 countries by end-May 1993, enabling progress on key elements of peace process (see page 20).



African requests (since 1991) for UN aid to electoral processes (technical and/or financial assistance for organization, supervision; training, equipment; monitors and observers).

© UN Africa Recovery 7 June 1993

Mozambique peace plan at critical stage

The UN's peace-keeping operation in Mozambique is at a critical stage after disturbing delays which have pushed elections originally set for October well into next year. An international military peace-keeping force of some 6,200 was finally fully deployed by end-May after considerable delays caused by funding and other difficulties. And on 14 May, an agreement was signed with the government giving legal standing to the UN Operation in Mozambique (ONUMOZ) and enabling military and observer personnel freedom of movement in the country.

UNHCR/A. Hollmann

Food reaches Mozambican refugees in Malawi. Peace means these people can return to their homes.

UNOMOZ is now in a position to begin the critical task of disarming and demobilizing up to 100,000 troops and irregular forces which, along with the creation of a unified defence and police force, is a necessary prelude to commencing the electoral process.

The cease-fire between the government and the insurgent Resistência Nacional Moçambicana (Renamo), in effect since their signing of the October 1992 peace accords, has generally held, despite the delays and the legacy of a bitter war. But there is a desperate need to renew the momentum towards peace, effectively stalled since March when Renamo ceased to attend the various commissions set up to implement the October accords.

In a 14 April resolution, the Security Council unanimously voiced "serious concern" over the delays and urged both the government and Renamo to take "urgent and determined steps" to begin demobilization and the training of a new unified defence force. Both the government and Renamo have been slow in providing ONUMOZ with details on troop numbers, arms and in designating the 49 sites to be used for the cantonment of forces prior to demobilization. By end-May still only 12 sites had been agreed.

The return of a Renamo delegation to Maputo on 28 May after an absence of months has raised new hopes for the peace process. Many of the concerns that prompted Renamo's departure — over delaying demobilization until the deployment of the bulk of UN forces, on accommodation in Maputo and on an international political support fund — have been met. However, the active involvement in the negotiations of Mr. Aldo Ajello, the UN Secretary-General's Special Representative in Mozambique has led Foreign Minister Pascoal Mocumbi to express his concern that UNOMOZ was going beyond its mandate in acting as a mediator, according to reports quoted by Agencia de Informação de Moçambique.

For further details see, Africa Recovery Briefing Paper, No. 8, Mozambique, Out of the ruins of war; *May 1993.*

Cooperation with UN crucial

The willingness of all parties to commit themselves to full cooperation with the UN in disarming and demobilizing existing forces and in the creation of a unified defence force is crucial, Mr. Kofi Annan, head of UN peace-keeping, told *Africa Recovery*. "The peace process has to shift gears," he said. The commission that is to supervise the creation of a new force — and for which France, Portugal and the UK are prepared to fund training — has not been established and remains one of the most critical elements of a highly complex reconciliation process.

Both demobilization and new defence and police forces are vital for maintaining the secure environment needed for national elections. In March, the government presented a draft election law, drawn up with help from the UN Development Programme. Opposition parties, however, have boycotted discussion on the document, demanding more time to study it. Only after the National Assembly has approved the law will the independent National Election Commission envisaged in the peace accords be set up. The UN will play a crucial role in the election process, with a team to supervise preparations and verify their impartiality, and the subsequent deployment of up to 1,200 international observers for the actual elections.

Hopes for other aspects of Mozambique's recovery have been boosted by the return of rains after the worst drought this century. Food production is considerably up on last year, with surpluses in some provinces. If both the rains and the cease-fire hold up, the number of people inside Mozambique needing direct food aid could fall to under 1 million in 1993/94 from some 3.5 million in 1992/93.

However, with much of the social infrastructure destroyed, there remains the formidable task of fighting disease, and UNICEF, the World Health Organization and other agencies are expanding their operations. Food aid needs for food-for-work and other schemes remain large, with some 800,000 tonnes required for 1993/94. There remains a considerable shortage in non-food requirements and the UN's Department of Humanitarian Affairs convened an 8-9 June meeting of donors in Maputo to secure further pledges for 1993.

In addition, there is the massive job of repatriating some 1.8 million Mozambican refugees in six neighbouring countries. In what UN High Commissioner for Refugees (UNHCR) Sadako Ogata describes as the biggest repatriation operation ever in Africa, the UN agency is seeking over $200 mn for a three-year voluntary return programme. Starting in June, UNHCR hopes to transport and reintegrate 500,000 refugees at a cost of $55 mn, mainly from camps in Malawi where most refugees have lived for years. Up to $6 mn will be used to remove some of the estimated 2 million landmines in the country, which continue to seriously impede the delivery of aid. ■

Deadly start to new UN Somalia operation

Tension reigned in Mogadishu after 23 Pakistani peace-keepers were killed on 5 June in what the UN Security Council condemned as unprovoked and premeditated attacks. The attacks represent a sharp escalation in the violence that has continued since the UN Operation in Somalia (UNOSOM II) took over on 4 May from the US-led international force. The volatile situation could also severly disrupt the major relief and rehabilitation programme drawn up by Somalis and the UN for the millions of people needing humanitarian aid throughout Somalia this year.

The last two months of Unified Task Force (UNITAF) presence were marred by violent incidents, particularly in Kismayo, where rival factions were vying for control. Relief workers continued to be killed and their agencies' premises and stocks attacked, and with UNITAF covering only 40 per cent of the country, ordinary Somalis suffered random banditry in outlying areas.

With UNOSOM troops currently numbering 16,700, the Security Council on 6 June called for a quick build-up to the full complement of 28,000, and urged member states, "on an emergency basis," to bolster weaponry and equipment to enable UN forces to confront and deter attacks. The US promptly sent heavily armed planes to neighbouring Djibouti in readiness. UNOSOM has unprecedented Security Council authorization to use force whenever needed. Admiral Jonathan Howe, the UN Secretary-General's Special Representative, promised to find and punish the perpetrators of the attacks, adding that circumstantial evidence pointed to forces belonging to General Mohamed Farah Aidid, who controls much of southern Mogadishu. Over 100 UNOSOM civilian staff were immediately evacuated from Mogadishu along with many non-governmental organizations (NGOs) personnel, but Admiral Howe said relief operations had not been disrupted outside the capital city.

Hopes for a return to peace had been bolstered by progress on national political reconciliation in late March when, after two weeks of tough negotiations and international pressure at UN-sponsored peace talks in Addis Ababa, 15 Somali movements agreed to set up a Transitional National Council (TNC) to pave the way for a national government within two years. However, absent from the agreement was the Somali National Movement (SNM) which proclaimed an independent "Somaliland" in the north-west in mid-1991. While acknowledging this "delicate problem," UN Secretary-General Boutros Boutros-Ghali has stated that UNOSOM II would be deployed throughout Somalia to facilitate relief work, but without prejudice to political decisions Somalis would themselves take.

By mid-May the UN was helping Somalis to set up district councils in the relatively secure regions of north-eastern Somalia. The process of constituting the 74-member TNC involves districts selecting the 18 regional councils which will send three delegates (including at least one woman) to the TNC alongside one representative each from 15 political vements and five representatives from Mogadishu. By early June, discussions in a transitional charter drafting committee centred on regional autonomy, while UNOSOM II also supervised the Boroma conference on Somaliland, as well as the Galkayo/Kismayo conference for peace in north-eastern and central Somalia.

The latest attacks represent a sharp escalation in the violence that has continued since the UN Operation in Somalia took over on 4 May from the US-led task force.

A major task facing UNOSOM II is implementing the relief and rehabilitation programme towards which donor countries pledged $130 mn at the third aid coordination conference held 11-13 March in Addis Ababa by the UN Department of Humanitarian Affairs. These pledges fell short of the UN's $166.5 mn request, and although donors said further funding was conditional on peace at regional and local levels, actual commitments by mid-May were a disappointing $14 mn.

Up to 2 million Somalis still face starvation and 4.5 million people will need help throughout 1993. Some 200,000 tonnes of cereal food aid are needed until the end-August main harvest, mainly for the rural victims of drought and warfare. Some had fled to join the estimated 50 per cent of the urban population needing food aid. Some 300,000 refugees and large numbers of internally displaced also have to be repatriated and resettled.

Participants at the March aid conference had stressed that community elders, and the women's and other voluntary organizations must continue playing a major role in the peace and relief processes. Other immediate concerns included the need to restore health services and, in particular, tackle the poor sanitation that is a major factor in the still alarmingly high mortality rates of children. Participants also stressed the urgency of education and job opportunities to help stabilize young Somalis. To this end, UNOSOM drafted proposals on employment generation which a task force would discuss. Among the proposed topics were more creative food-for-work and cash-for-work schemes.

Food security had also been emphasized as a priority at the Addis aid conference amidst fears that large inflows of food aid were acting as a disincentive to local production. ■

UN/Milton Grant

A Pakistani member of the UN peace-keeping force in Somalia before the 5 June ambushes in Mogadishu which killed 23 colleagues.

Guinea-Bissau struggles for development

One of Africa's poorest countries and burdened by the full range of problems that face low-income, heavily-indebted economies, Guinea-Bissau is trying to get its adjustment programme back on track while simultaneously tackling grave conditions in the social sector.

By Nii K. Bentsi-Enchill

Raising resources for development remains a crucial problem for Guinea-Bissau as it struggles to meet the needs of its population as well as the demands of its troubled adjustment programme. Classified among the world's least-developed countries by the UN, and among the most debt-distressed by the World Bank, its economic programme has been paying increasing attention to the social sector where the indicators rank among the lowest in Africa. Improving these, the Bank said last year, is the country's "most formidable development challenge."

Immediate issues that face the government include chronic rural poverty, growing unemployment and the sharply rising cost of basic foods. But it has also needed to improve relations with donors on whose financing it depends. Repeated failure to meet budgetary and inflation targets led to the suspension of its International Monetary Fund (IMF) programme in 1991, and the December 1992 postponement of the final tranche of a second World Bank adjustment credit.

However, release of this tranche could come shortly. The Bank has praised the government for "tremendous" efforts which are expected to raise budget revenue from 11 per cent of gross domestic product (GDP) in 1992 to 14 per cent in 1993. Spending is projected to fall from 11 to 8 per cent, and inflation to 35 per cent for 1993, well down on the 80 per cent recorded at end-1992 and the previous triple-digit levels.

Coming after an important agreement on an IMF "shadow programme," Guinea-Bissau can approach with some confidence new talks with the two institutions expected in September. Although public sector reform has been slow, the government has at least partially satisfied other donor demands. These included the recent unification of exchange rates for the Guinea-Bissau peso (the official rate in late May was 5,000 pesos to the US dollar). The closely watched gap between official and parallel market transactions is under 10 per cent.

Progress has been slower on democratization, with some donors echoing some domestic frustration. The government of President Joao Bernar,dino Vieira has rescheduled multi-party elections to the end of this year, and several parties have been formed, although some have protested over registration problems.

Continued good performance, and support from the Bank and Fund, could encourage bilateral creditors to grant further debt relief in the Paris Club. Even after past relief, the country is staggering under servicing obligations (including arrears) averaging 210 per cent of exports in 1991-93 — actual payments are far less — and total debt is an impossible 933 per cent of exports for 1993 alone. The irony for this small country is that in the late 1980s it had Africa's highest average ratio of development aid to GDP (over 61 per cent), and now has the third heaviest debt burden.

Ephem Shluger

Efforts continue to improve very low levels of educational and other infrastructure.

Despite such difficulties, the Bank predicts faster annual growth of 4 per cent over the next five years. The main impetus is to come from agriculture, although prospects for substantially higher export revenue are limited due to steadily falling prices for cashew nuts, the major export, in recent years. These contributed to a 24 per cent deterioration in terms of trade in 1986-91.

While there is potential for higher earnings from the country's rich fishing waters, overall progress in the productive sectors of the economy will also depend on rapidly overcoming the critical shortage of skilled personnel. Donor efforts to compensate for this led to an "excessive number of technical assistance projects" in relation to absorptive capacity, said the government at the 1990 UN conference for least-developed countries in Paris. A 1991 European Community (EC) study found that Guinea-Bissau had just 398 graduates in the civil service in 1987, while resident foreign consultants numbered 489, many in the planning, finance and health ministries.

With help from the UN Development Programme towards

better planning and coordination of technical cooperation, Guinea-Bissau also has a Bank-funded capacity-building project in economic planning and management.

On the social front, a multi-donor project was launched in 1989 to improve general urban infrastructure, and sanitation in particular (see below). Broader social sector action will begin this July through a $9 mn, five-year project which aims to improve the quality and delivery of primary health care, particularly in rural areas (see page 25).

Guinea-Bissau's dramatic situation is illustrated by its near total dependence on donor funding for health and education spending. World Bank figures show that in 1989, nearly 94 per cent of investment spending in health was donor-financed, and over three-quarters of actual spending went to recurrent items

Challenges in the social sector

By Ephim Shluger

Faced with an array of daunting social indicators, and with the budget cuts of adjustment programmes hitting urban dwellers the hardest, the government's need for quick improvements to urban conditions led to an agreement with the World Bank and bilateral donors in early 1989 on a $19.5 mn Social and Infrastructural Relief Project (SIRP).

Besides the growing needs of urban families, including those of laid-off civil servants, of new migrants, women and unemployed youth, the country's hospitals and clinics, schools and markets also suffer shortages of basic equipment, textbooks and essential drugs. Water supply and sanitation are uniformly poor. In Bissau, the capital, organized solid waste removal has been inadequate, while piped water and sewage disposal is rare outside the capital and some of the larger cities in the Eastern and Northern Provinces.

The SIRP was launched with a concessional credit from the World Bank's International Development Association (IDA), and cofinancing from Sweden, Norway, Japan and Portugal. Over 200 projects were prepared under the SIRP, with many public works contracts to repair mainly urban infrastructure ranging from schools and health centres to markets, roads, pavements, storm water drainage and community water supply. In the process, 29 local firms benefited from the works contracts along with some local suppliers of building materials and equipment, and transport firms. Roughly 2,500 jobs were also created and some 450 workers underwent training courses.

In the education sector, the SIRP saw to the repair or construction of 270 classrooms, as well as the procurement of school materials and furniture, all benefiting some 16,000 students and 560 teachers each school year. In the health sector, three regional hospitals in Gabu, Bafata and Bolama are being rehabilitated along with three health centres at Bissora, Quinhamel and Bambadinca. The project has also acquired hospital supplies, equipment and essential drugs, helping to improve quality and access to health care for people in the provinces, and relieving the pressure on hospitals in Bissau. Other projects saw three markets rehabilitated in Bissau, and new ones built in Canchungo, Quinhamel and Bambadinca to improve facilities for users, and also to boost municipal revenue through rental of market space to vendors.

The SIRP added almost 10 kilometres of storm water drains to existing systems in Bissau and other towns, and an important viaduct was built in Bissau. Work to rehabilitate and extend clean water supply was also completed in the Bairros Ponta Nova, Tres and Quatro in Bafata, as well as in Gabu. This has improved health and hygiene levels in these densely populated neighbourhoods and also significantly cut the time spent by women and children in the daily task of fetching water.

Studies showed that Bissau residents generated over 3,000 cubic metres of solid waste a month, with only a fraction adequately removed, while garbage was blocking sewage systems, polluting shallow wells and promoting disease. Under the SIRP, the Bissau municipal authority privatized solid waste removal and contracted out garbage removal from the city centre, markets and residential neighbourhoods to the city dump. Since 1990, it has also raised environmental awareness through the media and mobilized the population and the private sector in the "Bissau Limpo" clean-up campaigns. Further neighbourhood upgrading is being carried out with aid from the Dutch non-governmental organization SNV. This includes extending storm water drains and improved water and sanitation in Bissau's periphery.

The SIRP also initiated a low-cost housing project with a $4.5 mn credit from the UN Capital Development Fund. This aims to rehabilitate 110 houses and prepare 400 fully serviced sites in the Antula Bono area of Bissau. The scheme relies on self-help construction with loans to selected families for building materials. Setting up a fund for this project will be the first step towards Guinea-Bissau's first housing finance system. But a sustainable fund will also need higher levels of savings and steady monthly repayments of the building loans.

Guinea Bissau at a glance: 1991

Population	1 million
Population growth rate	2%
GNP per capita	$194
Currency	4,861 Pesos=US$1
Gross domestic product	$202 mn
of which: agriculture	46%
manufacturing	3%
Total external debt	$653.3 mn
Debt service ratio	66.9%*
Life expectancy	43 years
Infant mortality rate	143 per 1,000 births
Adult literacy rate	36%

*estimated actual Source: ADB, UNICEF, UNFPA, World Bank

Besides the progress made through the public works, there has also been a successful food security project for low-income families. Funded by the UN Development Programme and aided by the Food and Agriculture and International Labour Organizations, this project has helped some 2,500 women to produce fruits and vegetables in a "green belt" around Bissau.

During implementation of the SIRP, two linked issues have been identified, namely replicability, and routine maintenance. Meagre revenue and general institutional weakness are serious impediments to maintaining minimum standards of public service delivery. Similarly, sustaining and expanding social services partly depends on setting up adequate mechanisms of cost-recovery. Better medium and long-term prospects for the social sector will depend, therefore on the government's ability to effect the needed institutional reforms. ■

Ephim Shluger, now of the World Bank's Economic Development Institute, managed the 1989-93 social infrastructure project in Guinea Bissau.

such as salaries. More serious still was the 99 per cent reliance of the education sector on donors, with 86 per cent of this for recurrent spending. Since the mid-1980s, the social sector's budget share has been falling, and the government must now raise this share while working on the cost-recovery mechanisms that have proved so hard to administer in other adjusting countries.

Rocky road of adjustment

Since winning independence in 1973 through a long and costly guerrilla war against Portugal, Guinea-Bissau has tried to expand economic infrastructure with very limited resources. The negative results of ambitious economic policies, weak management, and an increasingly hostile external environment were excessive indebtedness, aid dependency, persistent trade and budget deficits, high inflation, and an overvalued currency that discouraged exports and encouraged imports.

Under severe pressure from external creditors, a major move towards free-market policies began in 1983 with an IMF and World Bank-supported stabilization programme. This combined targets for lower spending and increased revenue with massive devaluation of the peso. In 1986, the government cut staffing and real wages in the civil service, lowered capital spending, and strengthened the tax regime. However, runaway fiscal deficits and credit growth led to strained relations with the Washington institutions, and a more stringent adjustment programme in 1987-88.

Ephrim Shluger

Upgrading skills is an important component of social sector programmes.

Key measures included another series of big devaluations, and trade liberalization. The government ended the state monopoly of external trade and dominance in retail distribution, lifted quantitative controls on most imports, lowered import duties, and ended several price subsidies. While prices rose sharply for fish, rice and fuel, private trading substantially increased supplies on the internal market. In order to encourage the export sector, the 50 per cent tax on the principal export, cashew nuts, was lowered to 40 per cent, and some exporters were allowed to retain 50 per cent of their earnings abroad for essential procurement.

Efforts to improve public finances brought an excise tax on petrol, a 15 per cent cut in civil service staffing, a revised three-year public investment programme, and a slow start to the privatization programme. Although revenue virtually doubled in the 1987-88 period, spending grew even faster, with what the World Bank described as "lax credit policies" fuelling an uncontrolled boom in lending that helped push inflation to 110 per cent in 1987 before falling to 80 per cent the following year.

Until 1990, central, commercial and development banking was concentrated in one National Bank. The sector was then reorganized to contain a central bank, a new credit institution, the state-owned Banco do Credito Nacional (BCN), and the commercial Banco Internacional da Guiné Bissau, in which Portuguese banks hold 51 per cent of equity, the rest held by the state and local private interests. Another commercial bank was later set up as a local branch of the Portuguese bank Totta Azores.

However, until the short-lived BCN was closed in late 1991, it lent profusely, with most of the available credit going to loss-making public and private enterprises and to non-priority projects. This was compounded by the low rates of collection on outstanding credits, resulting in over $45 mn of unrecoverable loans. With World Bank help in January 1992, the government set out with some success to recover some $9 mn of BCN loans.

Amidst efforts to tighten financial sector management, the government entered a monetary arrangement with Portugal that took effect in 1992. This made the peso convertible with the Portuguese escudo at a "controlled and predictable parity," with Portugal also providing a revolving $10 mn credit line for balance of payments support. It also provided important backing for a currency that has depreciated from 41.5 pesos to the dollar in 1983-84, to the current 5,000 pesos. In the continuing attempts to close the gap between official and parallel market rates, foreign exchange bureaux were legalized in March 1991.

One major area of donor concern is reform of public enterprises where progress has been slow. In late 1992, donors criticized the procedures used by individual ministries in the few privatizations and management contracts that had been negotiated, urging the finance ministry to take a central role in all restructuring efforts. Particular attention has been paid to the petroleum products, electricity and water companies into which the US Agency for International Development, the EC and two Arab banks have made large investment loans for rehabilitation of much needed services.

Guinea Bissau: economic indicators

	1980	1985	1986	1987	1988	1989	1990	1991
GDP at current market prices ($ mn)	66.8	158	126	165	155	169	195	202
Real GDP growth (%)	-18.8	4.3	-1.0	5.6	6.8	5.0	3.1	2.8
Merchandise exports ($mn)	11	12	10	15	16	14	19	13
Merchandise imports ($mn)	55	60	51	45	59	69	68	70
Current account balance ($mn)+	n.a.	-45	-36	-24	-42	-51	-35	n.a.
Gross budget deficit/GDP (%)	n.a.	14.6	7.6	3.2	0.8	6.4	1.5	5.0
Inflation rate (1985=100)	n.a.	100	137	283	470	658	917	1,400
Total external debt ($mn)	134.1	307.8	336.0	437.5	455.0	499.7	595.8	653.3
Debt service ratio (%)	n.a.	49.8	61.4	71.1	52.9	66.5	38.8	*66.9**
Official development assistance per capita ($)	73	65	79	116	105	115	138	123
Fish exports ($mn)	3.5	3.4	1.2	0.5	1.4	2.3	1.5	n.a.
Groundnut production ('000 tonnes)	30*	27	29*	30*	35*	30*	30*	n.a.
Food production per capita (1979-81=100)	98	108	111	109	105	103	108	107
Exchange rate (average peso per dollar)	33.8	159.6	204.0	559.3	1,111.1	1,811.4	2,185.4	*4,860.9*
Reserves (months of import cover)	n.a.	0.0	0.0	0.0	0.0	1.5	0.0	n.a.

Sources: ADB, FAO, IMF, OECD, UNCTAD, World Bank * estimates † before exceptional financing figures in italics represent change of source n.a. = not available

Difficult development tasks

Much is made of Guinea-Bissau's favourable natural resource endowment, ranging from rich offshore fishing, to the prospects for production of oil and phosphates. But agriculture will remain the main impetus for Guinea-Bissau's economy, even though deforestation and desertification threaten in the eastern and northern regions. Including forestry, the sector employs 90 per cent of the active population, mainly in subsistence farming. The World Bank predicts annual growth of 6 per cent for agriculture, assuming continued price incentives for farmers and barring external shocks. Low producer prices for a long time contributed to low output, but rising prices in the latter 1980s led to higher production.

Agriculture now accounts for three-quarters of export earnings, and over half of GDP. One indicator of the sector's potential is that only 30 per cent of arable land is currently farmed, which is just two-thirds of 1950s levels. Subsistence farming predominates, with only 10 per cent of farmed land occupied by modern, market-oriented private farms and state farms.

Food supply is currently satisfactory and prices stable, according to the UN Food and Agriculture Organization. But the market for rice, the national staple, is complicated by vigorous smuggling of good quality local rice mainly to Senegal, and substantial annual imports of cheaper rice from Thailand and Pakistan. There is also a recently expanded, UN food aid programme for the growing number of refugees (over 15,000) from neighbouring Senegal's Casamance Region.

Fisheries are the second most important export item, and the major under-exploited resource. Revenue from licenses granted to foreign trawlers was around $6 mn in 1988, but by 1990 direct exports had fallen to $2.1 mn from a 1981 peak of $4.6 mn. In view of what the government described in 1990 as "ludicrously poor profits" from the license fees, it hopes to create a national fleet to join the long-established or recent joint ventures with Russian, Algerian, French and Portuguese companies.

Industry remains very small-scale, employing around 1 per cent of the workforce. The state sector represents 60 per cent of production, and provides half the jobs, but most firms are functioning at some 25 per cent of capacity. With only $1 mn in net direct foreign investment in 1990, the government is reviewing investment and labour laws and pointing to investment opportunities in agro-industry and in phosphate mining.

To address the poverty afflicting three-quarters of the rural population, the new, Bank-funded social sector project set for launch this July aims to expand the coverage and quality of primary health care. As the high levels of infant and maternal mortality and of illiteracy reflect low access to already inadequate social services, the project will train personnel, and improve the management and supply of drugs and equipment. A novel conditionality obliges the government to deposit a tranche of its own funding contribution in a special local currency account. The government must maintain an 8 per cent share of total budget spending for health, and raise this share by an annual 1 per cent through 1997. This is in order to reverse the downtrend in social sector spending which has seen the share of health fall from 7.6 per cent in 1986 to some 7 per cent in 1990, and from 13.8 to 12.9 per cent for education.

Another important component is a Social Action Fund which will help finance anti-poverty projects prepared by local and international non-governmental organizations and targeted at rural and urban households. Suitable project areas would include income-generation for women, nutrition, family planning, literacy and skills development. An earlier Social Dimensions of Adjustment project had set up a Reorientation Unit in the civil service and labour ministry in 1990 which provided retraining for laid-off civil servants, youth and women. It also found over 700 jobs for trainees, but at a time when 2,500 civil service jobs were cut.

This huge imbalance between job-seekers and jobs will persist for some time to come. The government is committed to further deep cuts in the civil service by end-1994, and with little prospect of fast private sector growth, the pressure of growing numbers of job-seekers could make informal sector incomes increasingly precarious. Given the extent of poverty and the weight of internal and external constraints, Guinea-Bissau faces an intense struggle to make the most of its potential. ■

Fast growing food varieties move slowly

By John Madeley

African-based research institutions are developing a wide range of new food varieties that could transform the continent's chronic food insecurity. But the spread of Africa's 'Green Revolution' is being slowed by lack of infrastructure and funding and by border controls which are blocking the dissemination of new seed varieties.

The Ibadan-based International Institute of Tropical Agriculture (IITA) has recently developed a new strain of "super cassava" which offers the prospects of substantially higher yields. Yet few of Africa's cassava farmers have even had the chance to plant an earlier strain developed by IITA in the 1980s, which could double yields from the usual 6 tons per hectare to 12.

This improved variety is beginning to be more widely used in Nigeria, and to a more limited extent in Côte d'Ivoire, Ghana and Tanzania. Cassava, however, is a major food source for some 200 million Africans in a belt which extends from Senegal to Mozambique. "Dissemination of the new varieties has been slow and not as widespread as it could," concludes a study by the IITA-initiated Collaborative Study of Cassava in Africa.

IITA's Deji Haastrup list three "major constraints" holding back wider dissemination. Cassava stems produce only five new plants on multiplication, whereas for maize a few grains can produce a whole field of a new variety. On top of this, most national programmes lack the funds to multiply cultivars of new varieties, Mr. Haastrup argues, a situation which also affects the dissemination of new grains.

Finally, IITA's own outreach is constrained by border controls. "Plant quarantine regulations do not permit movement of cassava cuttings across national borders," Mr. Haastrup observes. The necessity of these has been apparent since the accidental introduction of two destructive food pests, the Cassava Green Mite and Cassava Mealybug, from South America in the 1970s.

John Madeley

Lesotho farmer examines his crop of higher-yielding sorghum.

To get round quarantine problems, IITA has developed a technology for sending the germ-plasm in a form which satisfies current regulations. A tissue-culture laboratory has been established to produce virus-free planting material which can be sent to different African countries inside a sealed flask.

In Nigeria, a project to multiply the new cassava varieties is being undertaken by the National Seed Service, a government agency, with funds from the World Bank and the UN International Fund for Agricultural Development (IFAD). The project has demonstrated the importance of both adequate funding and of an institutional framework for effective dissemination. Africa's financing crisis has badly affected both, with concern also being voiced in some circles over the adverse impact of public sector cutbacks and privatization schemes on the outreach of national seed centres and on national extension services. For example, under its economic reform programme Malawi sold its national seed operation to a private company which has since concentrated on hybrid maize and cut out seeds of other crops.

Dissemination of new varieties of sorghum and pearl millet has also been affected. Faster-growing varieties of these important dryland crops have been developed by India's International Crops Research Institute for the Semi-Arid Tropics (ICRISAT), following research in several African countries.

ICRISAT's sorghum research has mainly concerned the provision of germ-plasm to the crop improvement programmes of national agricultural research systems (NARS). In 1992, 438 hectares of land in Zimbabwe, for example, were planted with one of its varieties for seed multiplication. Mozambique, facing a chronic food deficit, is importing some of these improved seeds. Another new sorghum variety, Tegemeo was released in 1988 in Tanzania, with some 11,000 hectares sown in 1992/93. But dissemination of this variety has still been slow.

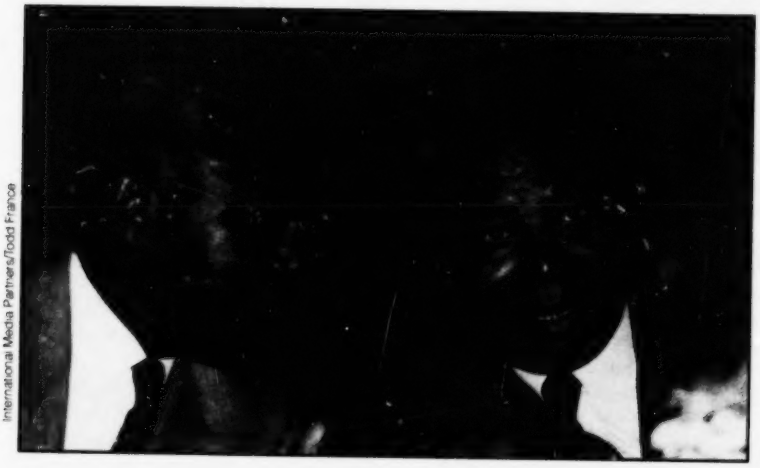
"At the farm level, data obtained from some NARS show only feeble levels of utilization of some ICRISAT varieties," the institute says. On pearl millet, ICRISAT reports that its varieties are now beginning to reach farmers in several African countries, but that it is "too early" to make an assessment of adoption rates. It says that its high-yielding variety is proving popular in Zambia, and that improved pearl millet varieties began to reach farmers in Namibia in 1991 "in significant quantities" and are expected to make "a major impact on agriculture in Zimbabwe and Malawi." But ICRISAT describes seed multiplication facilities in West Africa as "grossly inadequate."

Effective transfer of technology to farmers demands better seed multiplication units to support the diffusion of improved varieties, input-supply infrastructures and more operational and better-funded extension services. These services also need to be directed more specifically to the needs of small farmers. ■

John Madeley is publisher and editor of the UK based bi-monthly International Agricultural Development.

Leadership needed for AIDS fight

A series of actions at national and international level to combat the growing AIDS pandemic in Africa were proposed at a 11 May symposium hosted by the African Development Bank (ADB) in Abidjan. Measures ranging from strengthening local community support networks to shifting spending priorities in national budgets and international aid programmes were stressed. But open and public acknowledgement by African leaders of the threat AIDS represents to the continent's development is vital if any action programme is to succeed, participants agreed. African leaders must help communities overcome the impact of "this terror-generating disease," Benin President Nicéphore Soglo told the audience of ministers, central bank governors and other key policy-makers.



International Media Partners/Todd France

ADB President Babacar Ndiaye (left) and Benin President Nicéphore Soglo at the AIDS symposium in Abidjan.

While acknowledging the lead taken by the Organization of African Unity (OAU) in its Dakar Declaration on AIDS last year, ADB President Babacar Ndiaye said that it was "now time to move from words to actions." Symposium organizers, which included a number of UN agencies, the World Bank and the Global Coalition for Africa (GCA), said that as well as reflecting the gravity of the AIDS crisis facing Africa, the meeting was designed to inform and influence top finance officials attending the ADB's annual meeting.

According to the World Health Organization (WHO), the UN's lead agency in the fight against AIDS, an estimated 8 million adult Africans are afflicted by HIV, the virus that leads to AIDS, out of a global figure of some 14 million adults. Ms. Dorothy Blake, Deputy Director of WHO's Global Programme on AIDS told the Abidjan symposium that by 2000, Africa — which presently accounts for 12 per cent of the world's population — could account for 80 per cent of HIV cases worldwide. "And yet there is still complacency and denial among leaders at all levels," she said.

Added to this, Ms. Blake warned, "tuberculosis is spreading, and threatening to take off as a separate epidemic." Some 60 per cent of HIV patients also contract TB, a highly infectious disease. Combined with the acute pressure on health budgets, gains made over the last 10-20 years in combating the killer disease could now be reversed, WHO recently warned. Over 170 million people, a third of Africa's population, have latent TB infection, estimates suggest.

African health budgets would be overwhelmed by the combined demand of AIDS patients and TB victims. According to papers presented at the symposium, the direct cost of treating some 90 per cent of expected AIDS patients alone will amount to some $2.2 bn by 1995. This compares to an estimated entire expenditure on health in Africa of some $2.7 bn in 1992. This does not include the cost of treating for TB, nor for the indirect costs related to prevention campaigns or for the care of AIDS-related orphans, the numbers of whom could reach 10-15 million by 2000.

In papers specially prepared for the conference, the World Bank argues that "AIDS will have a far-reaching impact on African development prospects for the foreseeable future." While a full-blown AIDS epidemic could lower the population growth from around 3 per cent to 2 per cent after 25 years, it will probably also reduce the growth rate of per capita incomes, Bank research suggests. Without increased action we "risk reversing all the hard-won achievements" from recent economic reforms, World Bank Vice President for Africa Edward Jaycox said.

AIDS strikes rich and poor alike, but its heaviest impact is on Africa's most productive age group. Women, vital to much of Africa's economic output, suffer disproportionately, Ms. Blake said. While mainly an urban phenomenon, AIDS is spreading in rural areas, adversely affecting labour supply and thereby threatening already inadequate food production.

Action is under way in many parts of Africa to combat AIDS. Success stories in mobilizing local communities in both prevention campaigns and in extending support to AIDS victims and their families abound in Rwanda, Uganda and Zimbabwe. The importance of actively involving women and school-age children is a constant element.

But this mobilization effort must be backed by renewed action to secure more funding, the symposium concluded. WHO recommends that governments allocate 10 per cent of public spending to the health sector. The current average for the continent is around 5 per cent, with no country achieving the WHO target, symposium papers claim. Ethiopia's success in re-allocating military expenditure to fund half its AIDS control programme. is an example that could be followed in other countries. In addition, needed revenues could be found through new taxes on luxury goods such as cigarettes and alcohol, symposium papers suggest.

At the international level, donors should also devote 10 per cent of aid flows to the health sector. In 1990, major aid donors devoted less than 4 per cent of bilateral aid to health and population, according to data from the Organization for Economic Cooperation and Development. The UN Development Programme is already expanding its AIDS work in Africa. The World Bank is also increasing its involvement, with assistance to some 22 African countries, Mr. Jaycox said. ■

Reforming the Paris Club

By Francesco Abbate

Despite recent improvements, Paris Club terms are not yet well adapted to debtors' capacity to pay and are therefore likely to put further pressure on external payments. Bolder action is needed in two key areas: debt reduction and the institutional framework for official debt relief.

Scale of debt reduction

UNCTAD assessed the likely impact of the 'enhanced Toronto' terms on the projected debt service ratios of 22 eligible low-income countries. It concluded that for half of them the new terms would reduce debt service obligations to a level compatible with their capacity to pay. For the other half, however, debt burdens would still remain too high. A similar conclusion has been reached by the World Bank.

Several creditors are ready to adopt the Trinidad terms. Such a favourable creditor attitude could be concretized if the forthcoming Tokyo summit of the Group of Seven agreed on the need for additional debt relief for the low-income countries and adopted the Trinidad terms as a benchmark, with further reductions as needed.

Eligibility

Countries currently eligible for debt reduction are the low-income, debt-distressed countries borrowing only from the World Bank's highly concessional International Development Association (IDA) and undertaking IMF adjustment programmes. Eligibility criteria should be widened to include all heavily indebted countries that are IDA recipients even if they can also borrow from the non-concessional arm of the Bank. Nigeria is a case in point. It is to be hoped that the Tokyo summit will also not ignore middle-income countries whose burden of official bilateral debt is excessively onerous.

Time frame for debt reduction

Debt reduction is most effective if it is implemented in a single operation, thus removing once and for all the investment disincentives associated with the debt overhang and the uncertainties generated by repeated rescheduling. If instead, debt reduction is implemented in stages, creditors' commitment to an overall amount of debt reduction should be made explicit from the start and the bulk of total forgiveness should be given "up front."

Institutional framework

Many Paris Club-watchers, including UNCTAD, have long advocated greater coordination between the Paris Club and donor groups — such as the World Bank's Consultative Groups and UNDP's Round Tables — or even the shifting to such fora of official bilateral debt rescheduling for low-income countries. In this new framework, the views of institutions such as the World Bank and the UN would carry the same weight as those of the IMF.

If the rescheduling of official bilateral debt is examined within the context of a donor group a number of additional benefits could ensue.

First, this forum could detect and act on a country's debt-servicing difficulties at an early stage, without waiting for the conclusions of lengthy negotiations with the IMF and before arrears start to accumulate. The new institutional framework could avoid moral hazard by attending to the needs of those countries that have managed to meet their debt-service obligations, but only barely and at a high cost.

Second, the built-in development orientation of a donor group should lead to a more differentiated treatment of debtors, eventually resulting in a genuine case-by-case approach. This might break the rigid Paris Club rules with regard to the debt eligible for consolidation.

Third, the rationale for institutional changes is strengthened by the fact that since 1988 the Paris Club has granted concessional debt relief and has thus become an aid provider. The need for close coordination, or merger, with donor groups is even greater today. These fora could also monitor the additionality of debt relief measures and encourage non-Paris Club creditors to grant comparable treatment.

Finally, a single meeting on debt and finance would reduce considerably the high "transaction costs" currently borne by low-income countries with scarce financial and managerial resources in the extensive preparation, negotiation and monitoring of separate, uncoordinated meetings of the Paris Club and donor groups. ■

Mr. Abbate is chief of the Development Finance Programme in UNCTAD's Global Interdependence Division. A longer version of the above article was published in the March-April issue of the UNCTAD Bulletin.

Debt relief

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still insisting on a significant reduction in petroleum subsidies before agreeing new loan facilities or considering debt relief under 'enhanced Toronto' terms.

IMF Managing Director Michel Camdessus, however, insisted at a 20 April press conference that the new facility "will not be a free lunch" — the IMF "will need significant policy actions as first steps," he said. He confirmed that African countries could possibly be eligible for the new Facility. But with an interest charge of some 6 per cent, most African countries are likely to prefer the Fund's cheaper enhanced structural adjustment facility (ESAF).

Debt relief measures

Toronto terms — offered from 1988 onwards, provided either a straight cancellation of one-third of payments due, or an equivalent reduction in the rate of interest charged. A third option considerably extended the time over which the debt payments had to be repaid — the maturity.

Enhanced Toronto — on offer since December 1991, provides for a reduction of 50 per cent of debt payments due during the consolidation period (plus arrears in many cases). The US — with Australia — continued to only extend maturities as under the original Toronto terms. Current clauses permit consideration of action on the entire stock of eligible debt from 1994.

Trinidad Terms — as first proposed by then UK Chancellor of the Exchequer John Major in 1990 these provide for a reduction of two-thirds of the entire stock of eligible debt.

At meetings of the IMF and World Bank at the end of April, African countries also expressed their concern that the preoccupation with Russia, at a time of tight donor budgets, could mean that their interests are ignored. "We are concerned that international support for our people and our endeavours is eroding," Tanzania's Finance Minister Kighoma Malima told the 1 May meeting of the IMF/World Bank Development Committee. Africa's reform efforts "urgently need full funding to move ahead to success," he said, and warned that while implementing tough economic reforms, "we dare not curb efforts to secure meaningful social progress."

Africa's case is helped by the consensus in the development community that it is the only continent where poverty is expected to worsen. A World Bank report in late April shows deepening poverty in sub-Saharan Africa, with numbers only likely to rise over the next decade. The latest *Global Economic Prospects*, published by the Bank, says that the 200 million Africans living in poverty in 1990 will still rise to 300

million even if economic growth improves, and "could easily double" if gloomier economic forecasts prove accurate.

Bank President Lewis Preston has promised a stronger drive to reduce poverty. "Promoting a pattern of growth that enables the poor to participate through their labour" and supporting "investment in the poor" is the two-track approach increasingly at the centre of Bank country assistance strategies, Mr. Preston told a 28 April press conference. The concept echoes the more democratic, people-centred strategy long advocated by UNICEF and others and which is at the core of Oxfam's latest strategy for assisting African efforts. Both envisage major reforms to current structural adjustment programmes, which, according to Oxfam, have "failed to create a framework either for sustained economic recovery, or for enabling the poor to benefit from market reforms."

Latest Bank and Fund analyses, however, continue to defend SAPs and stress the importance of maintaining tough economic reforms. "The net result, and principal accomplishment of the reform programmes, has been a revitalization of economic activity, as domestic actors in the economy have responded to new market opportunities," Mr. Jaycox argued in a February report which expresses optimism for Africa's future. While conceding that reforms are taking longer to create the necessary conditions for development, "it is absolutely critical in the coming years for donors and African governments to maintain the commitment and the stamina for reform, even where progress is only modest," Mr. Jaycox said.

Speaking on behalf of Africa to the Development Committee, Mr. Malima urged donors to recognize the region's major problem: "the intense effort to pursue economic reforms on every front and to boost efforts at social progress, at a time when the world economy is in a slump and when aid donors are warning of aid cuts." The Group of Seven summit can expect to be reminded that something has to give in this untenable situation. ■

Mixed views on Africa's prospects

The World Bank, UN Economic Commission for Africa and OXFAM offer mixed views on the record of recent economic reforms, immediate economic prospects and future policy priorities for Africa.

SAP: the route to prosperity

JAYCOX REPORT

"These are difficult time for sub-Saharan Africa," says World Bank Vice-President for Africa Edward Jaycox in a February report to the Bank's Executive Board. But he remains convinced that the combination of economic reforms under Bank adjustment programmes and the political reforms under way in many countries are laying the foundations for future growth and prosperity. "Sub-Saharan countries have achieved significant progress in the last few years. Growth has resumed," Mr. Jaycox argues.

The report points out 15 "core adjusters" where growth more than doubled between 1986-90 to an average 3.9 per cent a year (and 2.9 per cent in 1991) against only 1.5 per cent in 1981-85. This is contrasted against countries suffering social unrest, where growth in the latter period averaged 1.5 per cent (and a negative 7 per cent in 1991) against 1.4 per cent in 1981-85. Small economies are treated as a separate category because of the "peculiar characteristics" affecting analysis of their economic performance, as are countries of the Franc Zone which "have not put effective adjustment policies in place."

"Adjustment has improved the lives of the vast majority of Africa's poor," Mr. Jaycox says, though he concedes that even in the core adjusting group, success has meant merey arresting the decline in per capita consumption. Adjustment has also increased incomes of smallholder farmers by encouraging export crop production, and this trend has not been at the expense of food production, he argues.

Although there has sometimes been "an unrealistic view of the time required to create the necessary conditions for development in Africa," Mr. Jaycox stresses that implementation must be improved. This requires strengthening African institutions, and while the Bank is also improving the design of its projects, he insists that "the strategic agenda has by and large been set. And the mechanisms for achieving Africa's development objectives are in place. The task now is to strengthen what has been accomplished and

UNICEF advocates new debt deal for Africa

UNICEF is renewing its call for increased debt relief for Africa, first made at the 1990 World Summit for Children and more recently in the Consensus of Dakar, last November. In the context of mobilizing urgently needed resources for childrens' development, UNICEF urges new action to lower Africa's repayment burden on all forms of debt. It renews calls for increased aid for social priorities, contrasting the $9 bn needed to achieve the goals set in Dakar with the more than $10 bn sub-Saharan Africa pays out in debt servicing.

Repeating the generally held view that current schemes for relief are inadequate for many severely-indebted countries, UNICEF puts forward a series of new proposals to ease Africa's debt burden, drawn up by Canadian economist Gerald Helleiner. UNICEF argues that the World Bank's scheme to buy back the commercial debt of low-income African countries at prices prevailing on the secondary market demonstrates official approval for deeper debt relief, and urges that similar discounts should be offered to reduce the burden of official credits. Under the Bank's scheme, the private debt of Mozambique, Niger and Uganda have been bought back at prices ranging between 10-18 per cent of their nominal value.

To avoid differentials in the discount between countries, UNICEF suggests that the entire stock of non-development debt of low-income countries be written down so that its repayment costs are equal to "fresh" lending from the Bank's International Development Association (IDA) — 10-years' grace period, 40 years to repay and 0.75 per cent interest.

Multilateral debt, because it cannot be rescheduled, represents an increasing burden to African countries. UNICEF calls for the extension of the Bank's existing scheme to finance, through IDA, the interest on old loans from the Bank's main arm. The African Development Bank is considering a similar scheme. For the IMF, which still takes more money from Africa than it lends, UNICEF argues that all lending, from whatever facility, should be on concessional terms. This would include the repayment of interest arrears owed by countries like Zambia. The subsidization of interest rates this involves could be paid for from special donor contributions or, preferably, from the sale of IMF gold.

Simple debt relief, without considering how released resources are used, will have little medium-term effect on development, UNICEF says. It argues that the National Programmes of Action being set up to achieve the goals of the Children's Summit offer "a useful framework" to ensure that the financial resources freed by greater debt relief are used on priority social areas.

to ensure that future investments work with maximum efficiency." ■

Poverty will deepen in Africa

WORLD BANK POVERTY REPORT

The bleak word from the World Bank is that the number of poor sub-Saharan Africans "is likely to rise still further during the next decade." Its recently published report on *Implementing the World Bank's Strategy to Reduce Poverty* says that for poverty to fall, consumption in Africa must grow by at least 4.7 per cent a year. But the projected rate will at best be only 3.3 per cent, which is lower than in all other world regions.

This grim news follows years of decline in which the number of poor in sub-Saharan Africa rose from 184 million in 1985 to 216 million in 1990. While this ratio of 47.8 per cent of the population is lower than in South Asia (49 per cent), poverty in that region is declining, and in sub-Saharan Africa the depth of poverty — how poor people actually are — is far worse than anywhere else in the world.

The challenge, the Bank says, is to design policies that "influence the pattern of growth in ways that cause the income of the poor to grow faster than average income," and to increase investment in health, education, and family planning — it says fast population growth is a major factor in Africa's worsening poverty.

The Bank calls for concentrating on correcting policy distortions that especially disadvantage the poor, supplemented with safety nets to protect vulnerable groups during the wider reform process. Social funds and social action programmes help in this respect, but better still is far-reaching restructuring of social sector spending for poverty reduction and growth.

The Bank is raising its direct lending on anti-poverty programmes, and the share of lending for human resource development (education, health, nutrition) has risen from 5 per cent in 1981-83 to 14 per cent in 1990-92, with $3 bn in "poverty-targeted investments" taking 14 per cent of 1992 lending. Adjustment programmes are also increasingly making poverty reduction and/or increased social spending a condition of loan disbursements, rising from 5 per cent of loan conditions in 1984-86 to almost 30 per cent in 1990-92. Most of these have required increased or stable shares for social sectors in budgets. The Bank says it is also vital to improve aid coordination and strengthen work with non-governmental organizations.

Monitoring is another important element in a poverty reduction strategy, the report says, and the Bank has begun a series of poverty assessment studies. So far only three — in Egypt, Malawi and Mozambique — have been completed for Africa, though at least six are scheduled for the current financial year. ■

African growth estimates
(Figures in brackets represent earlier projections)

	ECA[1]	ADB[2]	IMF[3]	World Bank[4]
1992	1.5 (3.6)	1.9 (3-3.5)	0.9 (2.7)†	n.a. (3.4)*
1993	3.3 (n.a.)	2.5-3 (n.a.)	2.7 (3.0)†	3.7 (3.5)**

* sub-Saharan Africa ** average annual growth 1992-2002, figure in brackets for 1990-2000 † excludes Egypt and Libya

Sources: 1. UN ECA *Economic Report 1992-93* 2. African Development Bank, *African Development Report 1992-93* 3. IMF, *World Economic Outlook, 1992-1993* 4. World Bank, *Global Economic Prospects and the Developing Countries 1992-93*

Time for decisive help

OXFAM'S ACTION FOR RECOVERY

International policies must be thoroughly overhauled to support Africa's development efforts, Oxfam argues in its recent report, *Africa, make or break: action for recovery*. With the economic situation only worsening in the first years of the 1990s, international action could be the decisive factor in determining whether Africa begins the long-haul towards economic recovery or plunges further into political and social chaos.

Decisive action is needed on a broad front, Oxfam says. Arguing that past adjustment programmes have failed to deliver the needed economic stimulus — and often made social conditions worse — Oxfam calls for wide-ranging reforms to current policy prescriptions. Programmes should concentrate on the poorest producers, especially women and remote areas, redress the balance between food and export crops in favour of the former, invest more in health and education and use targeted trade and price incentives to boost industrial production rather than the sweeping trade liberalization which is eroding much of Africa's industrial base.

Backing this policy shift, a series of measures at the international level are proposed. These include moves to reduce Africa's debt burden, including action on multilateral debt, and to increase and improve the quality of aid flows. The report is particularly critical of the IMF. "The time has come either fundamentally to reform the IMF or extricate it from Africa," the report argues.

Oxfam also calls for action on the trade front, lowering barriers to African products and ending the "dumping" of subsidized agricultural surpluses. It renews calls for a Diversification Fund, along the lines proposed in the UN's New Agenda for African Development in the 1990s (NADAF) and urges a strengthening of the UN's peace-keeping and humanitarian capacity. ■

Modest growth prospects

ECA ECONOMIC REPORT ON AFRICA

A robust economic recovery for Africa will certainly not happen this year, the UN Economic Commission for Africa (ECA) concludes in its *Economic Report on Africa, 1993*. Output is forecast to rise 3.3 per cent in 1993, only slightly above average population growth rates. This, however, is an improvement on the current estimate for growth in 1992, which the ECA now estimates was a mere 1.5 per cent. As late as last December, ECA was estimating growth of 2.4 per cent, but continuing political turmoil, drought and falling commodity prices took their toll on African economies.

Much of this year's growth is posited on a sharp recovery in agricultural output in Southern Africa, hit by the worst drought this century, with crops in North Africa also well up. On average, agricultural output is expected to be up 3.9 per cent.

Once again, oil exporters will show the fastest growth, with combined output this year forecast to be up 3.5 per cent after a 3 per cent rise in 1992. But non-oil Africa should reverse its 1.1 per cent fall in 1992, and post a 2.8 per cent rise in output this year. For sub-Saharan Africa, growth is forecast to be in the region of 2.9 per cent, after 1.4 per cent in 1992, with West Africa expected to put in the best performance.

In 1992, 18 countries suffered negative rates of growth, the ECA estimates, the same as the previous year (the African Development Bank, however, estimates the number falling to 12 from nine in 1991). This year could see a turnaround for some countries, with Côte d'Ivoire expected to record its first real growth since 1986, and Ethiopia, Malawi, Morocco, Mozambique, Zambia and Zimbabwe all recording stronger performances after the drought or war-induced declines in 1992. Cameroon, Congo and Zaire, however, are likely to face further downturns. ■

A voice for the voiceless

By Djibril Diallo

"The world's children have lost a true friend and protector of eloquence and stature," said UNICEF Director-General James Grant on the recent death of Audrey Hepburn, a roving "Goodwill Ambassador" for the organization since 1989.

For some people, her name was associated with the world of cinema, an Academy Award winner known for such films as *Gigi*, *My Fair Lady*, *Roman Holiday*. For millions of others, mostly children, she was the spokesperson of the "voiceless": those without shelter, victims of abuse, the forgotten, the prostitutes and the hungry that make up the children of the Third World, our children. Her fine profile, her feline elegance and her charm struck many people, not only in the dark cinema halls of cities but also in the parched lands of Eritrea and Tigray, in Sudan's devastated provinces and in a Somalia ruined by violence in all its forms. Photographs of Audrey Hepburn in refugee camps or health centres made their way around the world.

Now UNICEF has established an Audrey Hepburn Memorial Fund to "keep alive her dream of basic education for the war-traumatized and emergency-stricken children of Ethiopia, Somalia and Sudan." Recognition for her work has also come from all branches of the entertainment arts, from far and wide. The Congress for Racial Equality (CORE) for example, gave her a Humanitarian Award, the then President George Bush presented her with the Presidential Medal of Freedom in 1992, and the film world accorded her the 1993 Academy Award for Humanitarian Service.

Message of hope and concern

Having made more than 50 trips for UNICEF, her last mission took her to Somalia, and got very impressive media coverage. But she returned more shocked than moved. "What I saw there is beyond imagination. I was not expecting so much horror. But there is still hope and as long as people react with human solidarity, all is not lost." After visiting refugee camps, Audrey went to see the US soldiers. In less than an hour, she had collected over $3,600 in spontaneous contributions from Marines for relief work in Somalia.

She inaugurated the first water pump in a mountain village in Guatemala, visited slum areas in Honduras, health centres in Mexico, and literacy centres in El Salvador, Thailand and Bangladesh. Her trips would be followed by rounds of media interviews. For her role did not end with comforting the wretched; she would also let the public know what was happening, and she would tackle the rich and powerful, the decision-makers.

How often she swapped her cotton trousers for more formal dress or an evening gown to meet with the Great and the Good: leaders in the worlds of government, business and the arts. "Hers was a message of hope and global concern for the children of war and the children of poverty, that other war against the body and spirit," said Mr. Grant.

Audrey was one of those people with the gift of deep knowledge. She knew that when life grants you a gift, you must give something back, and this she did to UNICEF, to children, and to life.

She had suffered grave malnutrition as an adolescent in the winter of 1944-45, and owed her life to help from UNICEF. "I can testify to the importance of UNICEF for children since I myself benefited from the food and care of the organization after the second world war. I have confidence in UNICEF's work." And in turn, she inspired confidence and encouraged progress. Mr. Grant said Audrey had made substantial contributions to the achievement of universal child immunization and to raising the level of concern for children on the world's agenda.

On 9 March 1988, she joined other personalities who had agreed to work on behalf of children: Peter Ustinov, Liv Ullman, Tetsuko Kuroyanagi, Harry Belafonte and Richard Attenborough. "We are fortunate to be able to count on world famous people who are willing to devote their time and energy to the cause of children," declared Mr. Grant at the ceremony.

I myself had the privilege of being with Audrey in Rome during a September 1991 meeting on "Mayors as Defenders of Children" organized by the Italian Committee for UNICEF. She clearly saw the need to draw attention to the conditions of many urban children and the necessary role of municipal authorities. I was struck by her charm and simplicity. "I'm waiting for your invitation," she replied to Mr. Mamadou Diop, Mayor of Dakar when he said he would love to see her there.

Audrey is dead. Instead of lamenting, we must continue her work. That is the best homage we can pay her.

What type of cinema for children?

The idea struck an immediate chord: let children decide for themselves which films best defend their interests. So during the February 1993 Pan-African Film Festival (Fespaco) held in Ouagadougou, three boys and two girls of about 12 years old were made members of a special "Children's Jury". After a whole week of going around the cinema halls, they awarded the UNICEF prize to the Burkinabè director Pierre Yameogo for his *Wendemi*. Through the story of a young boy who suffers the blows of society because his proper identity has never been fully revealed to him, *Wendemi* fits perfectly into the context of the Rights of the Child.

One of the major discussion sessions at Fespaco was on the theme of Children, Film and Freedom. Speaking on behalf of African film-makers, Cheikh Omar Sissoko of Mali observed that children themselves insisted ardently that "we want to have a childhood".

This desire had already been explored at length during a Symposium of Artists and Intellectuals on the Survival and Development of Children held in Harare in 1988. Cheikh Omar Sissoko is one film-maker who definitely deserves to be known as a defender of children. His *Nyamanton* (The Lesson of Garbage) tells the story of a boy going through hard times.

According to Fespaco Secretary-General Philippe Sawadogo, cinema has the "ability to provoke reactions and incite one to action and should, therefore, look more closely at survival, protection and development through an active policy of advocacy."

As if to underline the inextricable linkage of women and children, another jury this time made up of women awarded the UNICEF Prize for Women to the Kenyan film-maker Ann Mungai for *Saikati*, her full-length film on a young village girl facing the pressures of modern society.

Ouagadougou's street-children had the right of free entry into the cinemas during Fespaco thanks to local authorities and to UNICEF. In the past, the police would round them up before a major event and keep them in centres outside the city for the duration. The idea was to limit the activities of any pick-pockets. This time, the UNICEF logo on the brand-new T-shirts they proudly wore acted as a "pass" at the gate. All they had to do was wait for each screening to start and then take up the empty seats. ■

**The African Baobab is one of the world's hardiest trees, thriving in even the most arid environment. It is also the tree under which some Africans traditionally meet to decide issues of common concern.*

AFRICA AGENDA

FORTHCOMING EVENTS

14-25 June, Vienna, Austria: World Conference on Human Rights organized by the UN.

14-25 June, New York, US: First substantive session of the UN Commission for Sustainable Development, set up following the UN Conference on Environment and Development held in Brazil in June 1992.

16 June: Day of the African Child: Marked in Africa and around the world with special events marking the problems, the gains, and the road still to travel in ensuring the protection and development of Africa's children.

21-30 June, Cairo, Egypt: Organization of African Unity Council of Ministers and Summit Meeting.

22-23 June, New York, US; 27-28 July, Dakar, Senegal: First and second meetings of the drafting committee for the October International Conference on African development.

27-29 June, Winnipeg, Canada: International Symposium on **Development Approaches to Disaster** held by the University of Manitoba's Disaster Research Unit.

1-3 July, London, UK: The Role of Military Forces in Imperial and Colonial Settings, a conference organized by the Centre of African Studies, School of Oriental and African Studies, University of London.

7-9 July, Tokyo, Japan: Summit of the Group of Seven leading industrialized countries.

September, Port Louis, Mauritius: 5th Francophone Summit.

1-3 September, Bretton Woods, New Hampshire, US: "The UN and the Bretton Woods Institutions New Challenges for the 21st Century" will be discussed by high-level participants at a meeting held by the North-South Round Table.

28-30 September, Washington, US: World Bank/IMF Annual Meeting of the Board of Governors.

5-6 October, Tokyo, Japan: International Conference on African Development organized by the Japanese government, the UN and the Global Coalition for Africa.

20-24 October, Washington, US: Joining Forces to Further Shared Visions, is the theme of the Sixth International Forum of the Association for Women in Development.

7-18 February 1994, Geneva, Switzerland: Intergovernmental Negotiating Committee for the UN Framework Convention on Climate Change.

23-27 May, Yokohama, Japan: UN World conference on the International Decade for Disaster Reduction.

22-24 July, Dhaka, Bangladesh: Global Forum on Environment and Poverty, organized by the Bangladesh Centre for Advanced Studies.

5-13 September 1994, Cairo, Egypt: UN International Conference on Population and Development.

African economists offer expert services

Over 200 US-based African economists, management specialists and planners are working to improve practical links with African policy-makers. Founded in 1988, their African Finance and Economic Association (AFEA) has held several conferences, and launched the *Journal of African Finance and Economic Development* in Washington last September during the World Bank/IMF annual meetings, attracting such notables as Ellen Johnson Sirleaf, UNDP's Assistant Administrator for Africa, and Layashi Yaker, executive director of the UN Economic Commission for Africa. The AFEA is holding an **African Capital Markets Conference in Nairobi on 18-20 August**, in association with the Capital Markets Authority of Kenya, an event it hopes will become annual.

Affiliated to the AFEA is the African Technical Experts Group, Inc. (ATEG) which offers consultancy and technical services, on concessional terms, to African governments and agencies. ATEG says this less onerous provision of technical skills by Africans for Africa is a contribution to easing the burdens of development. After the August capital markets conference in Kenya, AFEA and ATEG executives plan to visit Somalia to explore what work they might be able to do there. The AFEA president is Robert Sherman (American Graduate School of International Management, 59th Ave. and Greenway, Glendale, Arizona 85306; tel: (602) 978 7846) and the secretary is Mbodja Mougoue (School of Business Administration, Wayne State University, Detroit, Michigan 48202; tel: (313) 577 4520).

WHAT'S TAKEN PLACE

21-23 January, 1993, Cape Town, South Africa: "Bringing Africa Back to the Mainstream of the International System" was the theme of a high-level symposium convened by the InterAction Council.

26-29 January, Nairobi, Kenya: International Conference on the Biodiversity Convention, organized by the African Centre for Technology Studies and the Stockholm Environment Institute.

12-15 February, Zanzibar, Tanzania: a conference on **Redefining Democracy - The New World Order and the People's Struggle for Africa's Second Liberation** was held by the International Institute for Human Rights and Democracy in Africa.

19-21 February, Johannesburg, South Africa: From Apartheid to Peace, Democracy and Development was the subject of an international solidarity conference of the African National Congress, the first of its kind to be held in South Africa.

5-7 March, Abidjan, Côte d'Ivoire: Annual Meeting of the African Business Round Table.

29 March-2 April, Tunis, Tunisia: First UN Regional Preparatory Meeting for Africa and West Asia region for the International Year of the Family (1994).

29 March-7 April, Banjul, Gambia: 13th session of the African Commission on Human and People's Rights.

13-16 April, Geneva, Switzerland: UN Tropical Timber Conference.

26 April-7 May, New York, US: UNICEF Executive Board meeting.

26-28 April, Alexandria, Virginia, US: From the Grassroots Up — Transforming Civil Society and the Environment Through People's Empowerment was the theme of this year's annual forum organized by InterAction.

1 May, Stanford, California, US: Africa's Economic Future in the Post-Cold War Era: Aid, Development and Performance in African Economies, was the theme of a conference held at the University of Southern California's Joint Centre for African Studies.

3-6 May, Addis Ababa, Ethiopia: UN Economic Commission for Africa Council of Ministers.

7-8 May, Atlanta, Georgia, US: International symposium on **Forests and the Environment: A US Response to the Rio Earth Summit**, co-sponsored by Fernbank Museum of Natural History, the Carter Centre and Smithsonian Associates, with keynote address by US Vice President Al Gore.

8-10 May, Abidjan, Côte d'Ivoire: International Workshop on **"Core Curriculum Development for Senior African Economists"** organized by the Conference of African Economics Teaching, Research and Management Institutions (CIEREA), as part of its inter-university post-graduate programme in economics for francophone Africa.

10 May, Upper Montclair, New Jersey, US: Promoting Human Resource Development in Africa was discussed at this annual Montclair State College conference.

24-28 May, Libreville, Gabon: 2nd African-African American Summit organized by Reverend Leon Sullivan, on the theme of a "New Togetherness in America and Africa for the Future of Africa."

24 May-3 June, Nairobi, Kenya: Substantive session of the UN Intergovernmental Negotiating Committee for an International Convention to Combat Desertification.

26 May, New York, US: Seminar on **Humanitarian Intervention** organized by the UN and Brown University.

1-18 June, New York, US: UN Development Programme Governing Council Meeting.

10 June, London, UK: Conference on **The British Economy and Third World Debt** organized by One World Action. Speakers include African Development Bank President Babacar Ndiaye, Professor Adebayo Adedeji and Ms. Susan George, a noted writer on debt.

AFRICA BOOKS

Energy Options for Africa: Environmentally Sustainable Alternatives eds. Stephen Karekezi and Gordon A. MacKenzie (Zed Books, London/Humanities Press International, Atlantic Highlands, NJ, US; 1993; Hb $55).

The Earth Summit: A Planetary Reckoning by Adam Rogers (Global View Press, Los Angeles; 1993; $16.95).

Facing the Future: Beyond the Earth Summit by Johan Holmberg, Koy Thomson and Lloyd Timberlake (Earthscan, London; 1993; £4.95)

"The Earth Summit's Agenda for Change — Plain Language Version" of Agenda 21 by Michael Keating (Centre for Our Common Future, Geneva; April 1993; $10; also available in Spanish, Russian, German, French, and Italian).

Structural Adjustment and the Environment ed. David Reed. Includes a case study of Côte d'Ivoire. (Earthscan/World Wide Fund for Nature, London; 1992; £15).

A Guide for Activists: Handbook on African Hunger by John Prendergast and Terence Miller (Centre of Concern, Washington; 1992; $4.95).

What is Africa's Problem? by Yoweri K. Museveni (NRM Publications, Kampala, Uganda; 1992).

Alternative Development Strategies in Sub-Saharan Africa by Frances Stewart, Sanjaya Lall and Samuel Wangwe (St. Martin's Press, New York; 1992; $56.95).

An African Answer: The Key to Global Productivity by Edgar J. Ridley (Africa World Press, Trenton, NJ, US; 1992; Hb $28/Pb $14).

Development Policy Management Network (DPMN) Bulletin Pilot Issue, November 1992: "Development Policy Management in Sub-Saharan Africa — The Record and Challenge for the Future"; Vol 1. No. 1, April 1993: "Whither Planning" (Thrice-yearly bulletin of the European Centre for Development Policy Management, Onze Lieve Vrouweplein 21, 6211 HE Maastricht, The Netherlands).n

Africa Betrayed by George B.N. Ayittey (St. Martin's Press, New York; 1992; $35). A strong proponent of free-market policies, Dr. Ayittey has made something of a name for himself through highlighting African failures in influential US media.

Modern Algeria: The Origins and Development of a Nation by John Ruedy (Indiana University Press, Bloomington, Indiana, US; 1992; Hb $39.95/Pb $16.95).

State and Society in Algeria — State, Culture and Society in Arab North Africa eds. John P. Entelis and Philip C. Naylor (Westview Press, Boulder, Colorado, US; 1992; $34.50).

Land Mines in Angola by Africa Watch (Human Rights Watch, New York; 1993; $7).

Sustainable Peace: Angola's Recovery ed. David Sogge (Southern African Research and Documentation Centre, Harare, Zimbabwe; 1992).

Ghana and the Rawlings Factor by Kevin Shillington (St. Martin's Press, New York; 1992; $49.95).

Women in Ghana: An Annotated Bibliography by Elizabeth Ardayfio-Schandorf and Kate O. Kwafo-Akoto (Woeli Publishing Services and UNFPA, Accra; 1993).

The Present Economic Situation in Zambia and the Role of Privatization in Improving Its Economy by Trevor Gardner (UNCTAD Discussion Paper No. 54; Geneva; January 1993).

Politics of Hope and Terror: South Africa in Transition (American Friends Service Committee, Philadelphia, US; November 1992).

SADCC: Problems for Disengagement and Development in Southern Africa eds. Samir Amin, Derrick Chitala and Ibbo Mandaza (Zed Books, London; Hb $55/Pb $17.50).

High Noon in Southern Africa - Making Peace in a Rough Neighbourhood by Chester Crocker (W. W. Norton & Company, New York; 1992; $29.95).

Tradition and Transition in Southern Africa eds. A. D. Spiegel and P. A. McAllister (Rutgers University Press, New Brunswick, NJ, US; 1992; $44.95).

Southern Africa after Apartheid — Regional Integration and External Resources ed. Bertil Odén (Scandinavian Institute of African Studies, Uppsala, Sweden; 1993; $39.95).

Which way forward for Africa in the 1990s?

Africa's Recovery in the 1990s — From Stagnation and Adjustment to Human Development, eds. Giovanni Andrea Cornia, Rolph van der Hoeven and Thandika Mkandawire (St. Martin's Press, New York/Macmillan, London; 1992; £45 Hb, $14.99 Pb)

Structural adjustment, the dominant economic policy framework of the 1980s, is in many aspects incongruent with long-term development in Africa, argues this major publication from the UN Children's Fund (UNICEF). And although Africa's own efforts at recovery need genuine external support, international financial institutions are said to have made only a "hazy commitment" to promoting adjustment with a democratic face. The book confronts the shortcomings of current orthodoxies with analyses of Africa's crisis, five country studies of adjustment experience (Burkina Faso, Niger, Tanzania, Zambia, and Zimbabwe), followed by seven chapters on alternative approaches for African development in the 1990s. Their common aim is social justice and structural transformation, and proposals by the authors — 16 economists including eight from Africa — include an agrarian strategy focused on small farmers and food crops, strengthened linkages between sectors, small-scale and labour-intensive industrialization, and a priority for restructuring domestic resource allocation and international aid budgets. All these issues are neatly condensed in a summary volume by John de Saint Jorre (available at $9 from the UNICEF International Child Development Centre, Piazza SS. Annunziata, 12, 50122 Florence, Italy), which calls for urgent, rapid and sustained actions to promote equitable growth and stability in Africa.

African Social and Economic Trends — 1992 Annual Report of the Global Coalition for Africa (Global Coalition for Africa, Washington DC; 1992)

Sounding a cautious alarm, this brief report stresses Africa's need for conflict-resolution, more flexible bilateral debt-relief and development aid, and also faults the IMF and World Bank for neglecting basic issues of sustainable development.

Peace and debt relief needed in Angola

Angola to 2000 — Prospects for Recovery by Tony Hodges (Economist Intelligence Unit Research Report, London; 1993)

Angola's economic prospects would be very promising but for the continuing devastation of war. Foreign investors remain very interested in its oil (it is sub-Saharan Africa's largest producer after Nigeria), diamonds and other mineral wealth; its fishing waters are excellent; and only 5 per cent of the abundant arable land is cultivated, belying its pre-independence position as the world's fourth largest coffee producer and a net exporter of food.

With peace a prerequisite for recovery, Mr. Hodges argues that Angola will need major debt relief to avoid a deepening balance of payments crisis beyond 1995. By end-1991, its foreign debt was around $9.7 bn, with arrears nearly half that figure. These could rise to some $7 bn by 1995 without rescheduling and "new money". Angola's immediate financial future, says the author, depends on how soon it can launch an IMF/World Bank-supported adjustment programme, enabling Western bilateral creditors to provide debt relief, possibly on "enhanced Toronto" terms. A related issue is Angola's arrears of over $2.5 bn at end-1992 on mostly military debt to the former Soviet Union. Political tension and the renewal of war have postponed indefinitely any follow-up to the January 1992 talks with the IMF. The author says early and favourable agreements with creditors are vital to a country that from one war front must limp to another in hope of forging recovery in the fires of adjustment.

AFRICA IN BRIEF

Africa's new trade bank "a living reality"

African financial institutions, both private and public, will gather in Abuja in early September to put the finishing touches to a new continent-wide trade bank. The Africa Export-Import Bank (Afreximbank), the brainchild of the African Development Bank (ADB), is being launched despite strong scepticism from donor governments and Western commercial banks.

Afreximbank became "a living reality" at a 7 May prospective shareholders meeting in Abidjan, ADB President Babacar Ndiaye said. At that meeting, $413 mn of the bank's initial authorized capital of $500 mn was subscribed by a combination of African governments, central banks, commercial enterprises and private individuals. The share capital has now been raised to $750 mn. In Abuja, shareholders will select the new bank's headquarters (either Cairo or Tunis), regional offices and appoint a president.

Afreximbank was initially conceived some seven years ago as a combined public-private institution to foster both intra-African trade and exports to the rest of the world, through loan guarantees and direct lending. The ADB commissioned a feasibility study by the Export-Import Bank of India, which pronounced the proposed Africa trade bank viable.

ADB originally intended to take a 60 per cent stake in the new bank, but following opposition from non-regional members this has been reduced to $25 mn, just 3.3 per cent of the new share capital. The shareholding is to be split between African governments and public institutions, African private institutions and non-regional participants.

The level of interest from African governments has been so high — Egypt alone has pledged $100 mn — that a limit on public institutions could only be maintained by raising the authorized capital. Africa's private sector has also showed strong commitment. But while some European and North American banks have said they intend to participate, there has been a much lower level of interest from non-regional institutions. ■

Unemployment crisis hits youth in urban Africa

Sub-Saharan Africa needs an extra 10 million new jobs each year just to hold current unemployment in the cities at already high levels of 15-20 per cent. Some 14 million urban Africans are unemployed according to the UN International Labour Office (ILO), and this total increases by some 10 per cent a year.

Up to three-quarters of the urban unemployed are in the 15-24 age group, says the ILO's 1993 *World Labour Report*, although it forms only a third of the labour force. A survey of 15 African countries found that joblessness in this age group was three times higher than for adults, with 30 per cent levels common in many countries (Sierra Leone, Côte d'Ivoire, and Nigeria), rising to 40 and 45 per cent in Kenya and Zimbabwe. And while youth unemployment in the late 1980s hit mainly those with lower secondary schooling, more and more of the jobless are now secondary and university graduates.

The ILO points out that while the labour force is growing, Africa has fewer private and public sector jobs. Modern sector employment fell from 10 per cent of the workforce in 1980 to 8 per cent in 1990, with the spending cuts of structural adjustment programmes (SAPs) hitting civil servants in general and women in particular.

And for those still with jobs, both average and minimum take-home pay has been falling in real terms. Recent data from 28 countries shows a real wage increase in only one, while inflation and SAP measures have eroded the real value of wages in the rest. The average decline was around 30 per cent in 1980-86, even before most African SAPs began to bite.

The pressure of these downtrends has been eased by rapid growth of the informal sector which now accounts for over 60 per cent of urban workers. But this mostly involves low-skill jobs with low productivity and low incomes, even for those with wages. An ILO study in Ghana and Cameroon respectively found just 7 and 3 per cent of micro-entrepreneurs paying the minimum wage. ■

New Director-General of the UN Industrial Development Organization Mr. Mauricio de Maria y Campos from Mexico. He replaces Mr. Domingo L. Siazon from the Philippines.

US firms return quietly to South Africa

The pace of US private investment in South Africa is picking up sharply with 13 firms making direct investments there in 1992. The previous year, only three US companies returned to South Africa as then President George Bush repealed the 1986 ban on new US investment in the apartheid republic. There are currently 119 US firms with direct investment or employees in South Africa, compared to the 168 that divested in the 1985-90 period, reports the Washington-based Investor Responsibility Research Centre (IRRC).

It points out that the volatile political situation in South Africa has prompted most US firms to set up non-equity links with South African companies, using licensing and distribution deals. The IRRC reports that since July 1991, the number of US firms with non-equity links has jumped from 184 to 299.

However, for the first time since 1986, a majority of US companies have not signed the "Sullivan Principles," a voluntary code of conduct drafted in 1977 by civil rights activist Reverend Leon Sullivan and some leading US corporations during the sanctions era. The African National Congress urges new foreign investors to comply with guidelines on the rights of workers, affirmative action, black business promotion and environmental responsibility that it has released jointly with the COSATU, the leading South African trade union federation ■

Arms sales ban could help end famine in Africa

The fight against famine in Africa must be top of the international agenda, and all sales and exports of arms to the continent should be banned, declared the American Anthropological Association (AAA) at its December 1992 annual meeting in San Francisco. Citing the role of war and civil conflict in African famines, it said "some famines are deliberately caused or perpetuated as weapons of war and persecution. Arms sales fuel this violence." The end of the Cold War was an opportunity for the world to concentrate on preventing famine.

The AAA criticized relief activities that focus on merely attaining pre-famine levels of food production, and development programmes that optimistically ignore the need to pro-

vide insurance against famine-triggering events. In a position paper on "African Hunger, Famine, and Food Security," the AAA called for long-term programmes with two objectives: "achieving sustainable economic growth to build buffers against the inevitable bad years, and achieving social and political systems in which vulnerable groups have resources and access to institutionalized mechanisms to make their demand for food effective."To achieve a sustainable process, the AAA said, Africans at local and national levels must be full partners in planning, implementing and monitoring relief and development programmes. ■

Slow progress on African economic unity

Fewer than half of African countries have ratified the 1991 treaty for the African Economic Community and the rest must do so quickly, said Organization of African Unity (OAU) Secretary-General Salim Salim. In early May, Sudan became only the 24th member state to ratify the treaty. Receiving the ratification instrument in New York from Mr. Osman Elsayed, Sudan's ambassador to the UN, Mr. Salim said Africa had no alternative but to pursue economic integration. The OAU secretariat, he added, has begun preparing protocols to strengthen regional groupings, and on free movement of people, transport and other vital sectors. ■

Dakar meeting prepares ground for Tokyo conference

The UN Office of the Special Coordinator for Africa and the Least Developed Countries (OSCAL) held a consultative meeting in Dakar from 3-5 June as part of the preparatory work for the major conference on African development to be hosted by the government of Japan in October. At the Dakar meeting, representatives of African and donor governments discussed, in particular, two of the six major themes of the October conference — comparing Asian and African development experience and international cooperation for sustainable development. A special effort was made to invite representatives from African countries who do not have direct embassy contacts with Japan, Mr. Ahmedou Ould Abdullah, the Special Coordinator for Africa said.

In addition, the group of 20 senior figures drafting a declaration to be made at the Tokyo Conference, will hold their third meeting in New York on 21-22 June. ■

LETTERS TO THE EDITOR

Somalia clan controversy

I would like to draw your attention to the fact that the recent Africa Recovery Briefing Paper on Somalia, dated 15 January 1993, [also excerpted in Vol. 6 No. 4] has been cause for a controversy in the Somali capital, Mogadishu.

The Paper presented population figures for the Somali clans, and almost all who read it have been unhappy with these figures. Many have argued that the figures are biased to favour the clan of the deposed Somali President Siad Barre, who was in office at the time of the last population census (*Ed:which was never released*).

I would like to suggest that these figures be retracted, until a new census is taken for the country.

Name withheld
Mogadishu, Somalia
25 February 1993

Conspiracy of silence

With reference your article on the African Development Conference to be held in Tokyo in October 1993, [Vol. 6 No. 4] there is no indication that concerned African scholars have been invited to this conference. If all those the conference is inviting are staff of the UN, ECA, World Bank, IMF, ADB and other agencies affiliated to the UN and the World Bank, I have some doubt whether the conference will truly address African problems without any bias. I come to this conclusion because I believe that there is "a conspiracy of silence" among the workers of these agencies not to openly criticize their employers' policies on Africa simply because "they do not want to bite the fingers that feed them." After all, Africa's problems are not the handiwork of Africans alone.

I would be much obliged if the above concern was addressed by the organizers of this conference before the final programme is printed. Some African scholars in the US would be willing to attend and even present papers if invited. If the organizers decide not to invite African scholars, we shall likely send a message to the conference through the ECA Executive Secretary.

J. O. Kuforiji, Ph.D.
Dept. of Economics and Finance
University of Dayton, Ohio, USA

Ignoring population

I was happy to notice that you published Alex Marshall's letter in your last issue. Rightly or wrongly, I therefore expected to see better attention paid by you to happenings in the field of population in Africa. But what a hope!

Africa Recovery has no information on the Third African Population Conference held in Dakar, Senegal 11-12 December 1992. This conference of African governments was attended by 49 countries, some represented by ministers. It was preceded by a meeting of experts from 7-10 December.

I am at a loss to understand why you did not mention it under "What's Taken Place" and would be glad to know how such an omission occurred. As one working in the fields of population and health, I find it difficult to accept the bias you display by giving such a spread to "New Consensus to Save Africa's Children" while keeping total silence on the equally important effort to curb Africa's rapid population growth. You may not be aware of it, but UNICEF now advocates family planning as a cost-effective intervention for saving the lives of children.

Fred T. Sai
Chairman, National Population Council
Accra, Ghana

*This letter was written before Mr. Sai was elected chairman of the committee preparing for the September 1994 UN International Conference on Population and Development in Cairo. With help from institutions like Mr. Sai's, and with some increased resources, we expect to do more coverage of pressing issues like population, environment, health and food security. Incidentally, the December population conference was mentioned on the Agenda page of our November 1992 issue (Vol. 6 No. 3) under "Forthcoming Events," and in 1991 we also produced a comprehensive publication devoted entirely to Africa's population strategies (Briefing Paper No. 3). — **Editor.***

Programme Officer

The Ford Foundation is seeking a programme officer in the field of Governance and International Affairs. Ford needs a dynamic recent recipient of a PhD in African studies, or a faculty member who would be prepared to spend at least two years working out of Nairobi, Kenya. Inquiries may be addressed to: Dr. Charles R. Bailey,
Ford Foundation,
P.O. Box 41081
Nairobi, Kenya.

AFRICA WATCH

FOREIGN AID

Canada joins the ranks of aid cutters

The continuing budgetary squeeze in industrialized countries has resulted in Canada becoming the latest donor to cut its aid budget, by 20 per cent over two years. Canada's move follows similar cuts by other staunch aid-givers such as Finland and Sweden.

According to the newsletter of the non-governmental organization Partnership Africa Canada (PAC), a new official policy document indicates the government's intention to cut all its bilateral aid programmes in Burundi, Ethiopia, Kenya, Madagascar, Rwanda, Tanzania and Uganda.

The policy document proposes shifts in priorities for the aid budget as well. The major sectors proposed for support include long-term development assistance to eight to 10 African countries; assistance to the private sector in six to eight countries; and funds to be allocated for the thematic priorities of human rights, democratic government, good governance and environment.

According to PAC, the rationale for the cuts and shift in aid comes from the Canadian International Development Agency, the priorities of which are support for regional integration, democracy and entrepreneurship. ■

Eritrea: a nation is born

After 30 years of war with Ethiopia, Eritrea became Africa's 52nd nation and the first born out of secession on 24 May. Independence followed the UN-certified referendum of 23-25 April 1993., with Mr. Issias Afewerki, leader of the Eritrean People's Liberation Front as President of the Transitional Government. Eritrea has joined the UN and the OAU, and is set to join the World Bank and IMF.

UN/Milton Grant

President Issias Afewerki (right) greets UN representative for Eritrea's referendum, Mr. Samir Sanbar.

A $147 mn, two-year recovery and rehabilitation programme is underway with $108 mn in pledges and credits already lined up by end-March from the UN Development Programme (UNDP), and bilateral and multilateral donors including the World Bank. It aims for a liberal trade and exchange regime, and includes new regulations for investment, commerce and labour practices. Eritrea had already signed trade promotion agreements with Ethiopia in January 1992 which made Assab a free port for Ethiopia, provided for tax-free trade between the two countries using the Ethiopian birr currency, and began coordinating trade regulations. IMF missions have been helping the work on banking and ministerial structures, particularly on issuing and managing the currency, and the vital sectors of budget, taxation and customs.

Eritrea's gross domestic product per capita is in the $75-150 range, according to tentative estimates from UNDP and the London-based Economist Intelligence Unit. Agriculture employs 90 per cent of the 3.5 million population with food crops (barley and other grains) providing some 60 per cent of output. Food production fell roughly 40 per cent in 1980-90 because of war and drought with the important livestock sector also in sharp decline. The once-vigorous industrial sector is running well below 50 per cent of capacity and needs some $30 mn of capital investment. While fisheries are expected to generate substantial earnings in coming years, Eritrea's social indicators underline the development challenge ahead (see table).

Eritrea: a fact file*

Population	3.5 million**
GDP per capita	$75-150
Currency	Br7.2-7.8 = US$1
Infant mortality rate	135 per 1,000 births
Life expectancy	46 years
Population per doctor	48,000
Population per nurse	1,750
Adult literacy rate	20%

*tentative estimates **another 1 million reside abroad, including some 500,000 refugees in Sudan
Sources: UNDP, Economist Intelligence Unit, World Bank

ADJUSTMENT DEFENDED

Jaycox: dependence on expatriates harms Africa

The World Bank's Vice President for Africa Edward Jaycox has strong words to say about the destructive impact on Africa of excessive dependence on expatriate assistance and the need to restructure how and by whom Bank programmes are designed and implemented (see page 13). But he has also continued to give a rousing defence of adjustment. Addressing a late-May press briefing in London, at which he claimed that the media were ignoring many of the relative success stories in the continent, Mr. Jaycox argued that a number of African countries were now experiencing successive years of increased economic growth of the order of 5 per cent, thanks to the tough reform measures they had undertaken. He specifically drew attention to Burkina Faso, Gambia, Ghana, Guinea, Malawi, Mauritania, Nigeria, Tanzania, Togo, Uganda and Zambia, but conceded that many problems still remain (see also, page 29). ■

REGIONAL INTEGRATION

ADB's Southern Africa vision

The African Development Bank (ADB) is finalizing a major study on economic integration in the Southern Africa region. Over a year in preparation and covering all economic sectors, the study will make recommendations on the institutional framework, including the rationalization of existing bodies, for the post-apartheid era. According to ADB officials, "the study will provide a detailed action programme to promote economic integration in a region which can act as the power-house for the entire African continent."

A steering committee, consisting of representatives from the Southern African Development Community (SADC), Preferential Trade Area (PTA) for Eastern and Southern Africa, the African National Congress and the Development Bank for Southern Africa, along with two Nordic representatives, are expected to give shortly their final approval to the text, which runs to three volumes, though publication is now not expected until later this year.

Differing proposals for economic integration in the region have been put forward based on SADC, PTA and on various South African-centred arrangements, such as the Southern African Customs Union. The study will also make proposals for increased regional economic interaction in such sub-sectors as energy, finance and industry. ■